

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2018

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity	Municipality (MFMA)
Municipal demarcation code	WC025
Nature of business and principal activities	The main business operations of the municipality is to engage in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community: Housing services - Supply housing to the community and includes the rental of units owned by the municipality to public and staff; Waste management services - The collection, disposal and purifying of waste, refuse and sewerage; Electricity services - Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality; and Water services - Supplying water to the public,
Mayoral committee for the year ended 30 June 2018	
Executive Major	A. Steyn
Mayoral committee members	J.D. Levendal (Deputy Executive Mayor) N.Mercuur (Speaker) S.Goedeman (Chief Whip) R.Faroa J.Kritzinger W.R.Meiring S.J.Mei M.Sampson E.Y Sheldon J.F. van Zyl
Accounting officer	D. McThomas
Chief Financial Officer (CFO)	R.Ontong
Grading of local authority	Councillors Grade 4 Senior Managers Category 5 Personnel Grade 4
Capacity of local authority	High

BREEDE VALLEY MUNICIPALITY

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General Information

Registered office	Civic Centre Baring Street Worcester 6850
Postal address	Private Bag X3046 Worcester 6849
Bankers	Nedbank Limited
Auditors	Auditor-General of South Africa

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

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GRAP	Generally Recognised Accounting Practice
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

BREEDE VALLEY MUNICIPALITY

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements and related financial information.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122 (3) of the Municipal Finance Management Act (Act 56 of 2003).

The annual financial statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

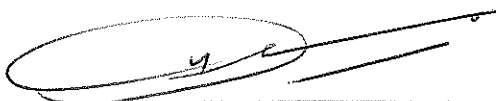
The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the Breede Valley Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

The annual financial statements set out on pages 6 to 98, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018.



Accounting Officer
31 August 2018



Report of the Auditor General

To the Provincial Legislature of BREEDE VALLEY MUNICIPALITY

Auditor-General of South Africa
Registered Auditors
Partner's name
Additional description
Additional description

30 November 2018

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2018.

1. Review of activities

Main business and operations

Breede Valley Municipality is situated in the Western Cape Province, 120 km north-east of Cape Town. Included in its boundaries are Worcester, Rawsonville, De Doorns and Touwsrivier and surrounding rural areas. It covers 3 833 sq. km and is home to 176 578 people as per the 2016 survey.

The municipality is set between three mountain ranges, incorporating some of the most valuable and fertile agricultural land in the country. The area is endowed with a diverse cultural history, regional accessibility and unique natural beauty that attract a great number of tourists.

The financial position of the municipality is described to be sound, with an accumulated surplus of R 1 769 467 739 (2017: R1 665 132 789) at year-end.

Net surplus of the municipality was R 102,424,353 (2017: surplus R10,033,933). The overall summarised operating results for the municipality in comparison to the approved budget are shown in the Statement of Financial Performance and also reflects a summary of income and expenditure.

2. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus of 1,772,804,423 and that the municipality's assets exceeds its total liabilities by 1,772,804,423.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The solvency analysis show that assets cover the liabilities by 371.7% (2017 : 365.57%). The coverage indicates that the municipality operates as a going concern.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Borrowing, investments and cash

The accounting officer may after approval of the Council exercise all the powers of the municipality to borrow money, as he considers appropriate needs. Interest-bearing debt did not increase in the year ended 30 June 2018. In the financial year ended 30 June 2018 the municipality redeemed interest-bearing debt of R 17 199 996.45. The interest paid on borrowings as a percentage of total expenditure is 2.72% (2017: 2.99%).

Investments as at 30 June 2018 amounted to R 45 000 000 (2017: R90 000 000). Investments and cash and cash equivalents decreased from R182 578 150 to R150 450 739. Additional information regarding cash and cash equivalents, investments and loans are provided in notes 3,9,18 and Appendix A to the financial statements.

6. Capital expenditure

The capital expenditure incurred during the year 2018 amounted to R201 022 308 (2017: R 101 712 570) that represented 78.35 % (2017: 73.09%) of the approved capital budget of R256 560 008(2017: R 139 166 261). A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix H (A5), while Appendix B contains detail according to the asset class. More details regarding external loans used to finance fixed assets are shown in Appendix A.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

7. Cash flow analysis

Details of major changes in the nature of the municipality during the year were as follows:

Summary of net cash flows	2018	2017
Net cash flows from operating activities	180,096,772	139,303,028
Net cash flows from investing activities	(150,255,832)	(111,154,177)
Net cash flows from financing activities	(16,968,352)	(22,993,700)
Net increase/(decrease) in cash and cash equivalents	12,872,588	5,155,151

8. Credit rating

The municipality was rated by Moody's Investor Services during the 2017 financial year. Their rating and outlook for the municipality was a Ba2.za rating due to the negative outlook on South African sovereign rating. To monitor our credit rating and capacity for long-term financing we consider various qualitative and quantitative factor. At 30 June 2018 and 30 June 2017 the current ratio was 1.59 and 1.83 respectively. This reflects an decrease in the ratio.

9. Accounting Officer

The accounting officer of the municipality during the year under review of this report is as follows:

Name	Nationality
D. McThomas	South African

10. Auditors

Auditor-General of South Africa will continue in office for the next financial period as per the Public Audit Act.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	105,450,739	92,578,150
Receivables from exchange transactions	4	78,289,157	81,239,254
Receivables from non-exchange transactions	5	43,705,972	34,159,694
Other receivables from non-exchange transactions	6	26,636,768	6,753,707
Inventories	7	14,955,629	11,431,752
VAT receivable	8	13,708,021	3,280,811
Short term investments	9	45,000,000	90,000,000
Long term receivables	14	551,437	1,549,212
		328,297,723	320,992,580
Non-Current Assets			
Investment property	10	21,785,500	21,018,000
Property, Plant and Equipment	11	2,028,331,634	1,907,021,093
Intangible assets	12	4,654,969	5,094,081
Heritage assets	13	36,631,059	36,631,059
Long term receivables	14	4,312,831	5,405,709
		2,095,715,993	1,975,169,942
Total Assets		2,424,013,716	2,296,162,522
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	108,931,690	93,643,838
Consumer deposits	16	3,912,159	3,680,515
Unspent conditional grants and receipts	17	47,472,305	28,363,641
Long term liabilities	18	9,427,059	17,199,997
Employee benefit obligation	19	33,676,948	29,739,058
Provisions	20	1,219,978	986,994
		204,640,139	173,614,043
Non-Current Liabilities			
Long term liabilities	18	214,291,004	223,718,063
Employee benefit obligation	19	150,805,101	150,746,276
Provisions	20	81,473,049	78,930,239
		446,569,154	453,394,578
Total Liabilities		651,209,293	627,008,621
Net Assets		1,772,804,423	1,669,153,901
Accumulated surplus		1,772,804,423	1,669,153,901

* See note 2

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	508,435,906	508,239,047
Sales of Goods and Rendering of Services	22	4,225,193	4,042,757
Income from agency services		7,630,035	6,901,991
Licences and permits		3,108,413	3,187,771
Rental income	23	8,284,679	9,759,680
Operational Revenue	24	4,021,130	3,535,032
Finance Income	25	21,187,618	21,423,924
Total revenue from exchange transactions		556,892,974	557,090,202
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	125,006,332	119,185,527
Property rates - penalties imposed and collection		1,469,544	1,385,656
Transfer revenue			
Government grants & subsidies	27	261,857,590	173,909,694
Fines, Penalties and Forfeits	28	111,977,583	90,797,325
Total revenue from non-exchange transactions		500,311,049	385,278,202
Total revenue		1,057,204,023	942,368,404
Expenditure			
Employee related costs	32	(276,664,757)	(256,704,628)
Remuneration of councillors	38	(16,890,840)	(15,615,160)
Debt impairment	36	(112,244,879)	(88,494,701)
Depreciation and amortisation	31	(85,049,396)	(89,085,634)
Bulk purchases	29	(264,821,073)	(274,376,156)
Finance costs	34	(26,038,600)	(27,937,685)
Inventories Consumed		(13,188,690)	(10,827,725)
Contracted services	30	(97,997,608)	(96,047,618)
Grants and subsidies paid	35	(12,806,720)	(23,729,769)
Operating lease		(9,354,438)	(10,791,857)
Operational cost	37	(58,511,033)	(52,960,761)
Total expenditure		(973,568,034)	(946,571,694)
Operating surplus (deficit)		83,635,989	(4,203,290)
Loss on disposal of assets and liabilities		(95,087)	(1,900,002)
Fair value adjustments	39	2,413,759	660,254
Actuarial gains/losses	19	16,629,449	15,677,615
Inventory losses		(159,757)	(200,644)
		18,788,364	14,237,223
Surplus for the year		102,424,353	10,033,933

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 1 July 2016	1,658,529,066	1,658,529,066
Changes in net assets		
Net income recognised directly in net assets	590,902	590,902
Net income (losses) recognised directly in net assets	590,902	590,902
Surplus for the year	10,033,933	10,033,933
Total recognised income and expenses for the year	10,624,835	10,624,835
Total changes	10,624,835	10,624,835
Restated* Balance at 1 July 2017	1,669,153,901	1,669,153,901
Changes in net assets		
Financial assets	1,226,169	1,226,169
Net income (losses) recognised directly in net assets	1,226,169	1,226,169
Surplus for the year	102,424,353	102,424,353
Total recognised income and expenses for the year	103,650,522	103,650,522
Total changes	103,650,522	103,650,522
Balance at 30 June 2018	1,772,804,423	1,772,804,423

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Cash flows from services and rate payers		626,598,102	650,043,852
Cash flows from government and other grants		278,966,428	182,533,059
Finance income: investing activities		20,824,529	20,873,822
		<u>926,389,059</u>	<u>853,450,733</u>
Payments			
Cash paid to employees		(272,929,434)	(283,090,979)
Cash paid to suppliers		(434,517,533)	(426,120,376)
Finance costs		(26,038,600)	(28,046,119)
Grants paid		(12,806,720)	23,109,769
		<u>(746,292,287)</u>	<u>(714,147,705)</u>
Net cash flows from operating activities	40	<u>180,096,772</u>	<u>139,303,028</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(199,022,483)	(101,114,960)
Proceeds from sale of property, plant and equipment	11	31,101	-
Purchase of other intangible assets	12	-	(197,970)
Long term receivables		3,735,550	158,753
Increase/ decrease in investment		45,000,000	(10,000,000)
Net cash flows from investing activities		<u>(150,255,832)</u>	<u>(111,154,177)</u>
Cash flows from financing activities			
Repayment of long term liabilities		(17,199,997)	(22,628,116)
Movement in consumer deposits		231,645	(365,584)
Net cash flows from financing activities		<u>(16,968,352)</u>	<u>(22,993,700)</u>
Net increase/(decrease) in cash and cash equivalents		12,872,588	5,155,151
Cash and cash equivalents at the beginning of the year		92,578,150	87,422,999
Cash and cash equivalents at the end of the year	3	<u>105,450,738</u>	<u>92,578,150</u>

* See note 2

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018
STATEMENT OF BUDGET COMPARISON
WC025 Breede Valley - Reconciliation of Table A1 Budget Summary

Description	2017/18										2016/17
	Original Budget	Budget Adjustments (i.l.o. MFMA s26)	Adjustment Budget 27 February 2018	Approved Virements (Virement Policy 2017/2018)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	14
Financial Performance											
Property rates	137 892	(940)	136 953	-	136 953	126 476		(10 477)	92.4%	91.7%	120 571
Service charges	548 844	(5 164)	543 680	-	543 680	508 436		(35 244)	93.5%	92.6%	503 535
Investment revenue	10 620	-	10 620	-	10 620	16 556		5 936	155.9%	155.9%	17 173
Transfers recognised - operational	148 473	599	149 072	(0)	149 072	130 203		(18 869)	87.3%	87.7%	115 737
Other own revenue	103 317	82 950	186 277	0	186 277	146 197		(40 080)	78.5%	141.5%	128 344
Total Revenue (excluding capital transfers and contributions)	949 146	77 456	1 026 602	0	1 026 602	927 868		(98 734)	90.4%	97.8%	885 360
Employee costs	301 169	(45 388)	255 781	(4 017)	251 764	252 675		912	100.4%	83.9%	249 882
Remuneration of councillors	16 468	769	17 237	1 500	18 737	16 891		(1 846)	90.1%	102.6%	15 615
Depreciation & asset impairment	81 713	(56)	81 656	-	81 656	85 049		3 393	104.2%	104.1%	89 086
Finance charges	26 116	6	26 122	-	26 122	28 039		(1 917)	99.7%	99.7%	27 804
Materials and bulk purchases	339 807	(62 681)	277 126	2 955	280 081	278 170		(1 911)	99.3%	81.9%	339 475
Transfers and grants	279	35 328	35 607	(295)	35 310	12 807		(22 504)	36.3%	4590.2%	310
Other expenditure	199 544	130 651	330 195	(142)	330 053	285 468		(44 585)	86.5%	143.1%	211 327
Total Expenditure	965 095	58 628	1 023 723	-	1 023 723	957 098		(66 624)	93.5%	99.2%	933 499
Surplus/(Deficit)	(15 949)	18 828	2 879	0	2 879	(29 230)		(32 109)	-1015.2%	183.3%	(48 139)
Transfers recognised - capital	131 633	14 518	146 151	(0)	146 151	131 654		(14 487)	90.1%	100.0%	58 173
Contributions recognised - capital & contributed assets	-	1 800	1 800	-	1 800	-		(1 800)	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	35 147	150 831	-	150 831	102 424		(48 406)	67.9%	88.5%	10 034
Share of surplus/ (deficit) of associate	-	-	-	-	-	-		-	-	-	-
Surplus/(Deficit) for the year	-	35 147	150 831	-	150 831	102 424		(48 406)	67.9%	88.5%	-
Capital expenditure & funds sources											
Capital expenditure											
Transfers recognised - capital	131 633	16 318	147 951	-	147 951	129 812		(18 140)	87.7%	98.6%	57 738
Public contributions & donations	-	-	-	-	-	1 843		1 843	#DIV/0!	#DIV/0!	-
Borrowing	10 500	13 798	24 298	24 298	24 298	21 325		(2 973)	87.8%	203.1%	25 700
Internally generated funds	67 821	16 489	84 311	84 311	84 311	48 042		(36 268)	57.0%	70.8%	18 272
Total sources of capital funds	209 954	46 606	256 560	256 560	256 560	201 022		(55 538)	78.4%	95.7%	101 711
Cash flows											
Net cash from (used) operating	193 284	12 321	205 605	205 605	205 605	180 097		(25 508)	87.6%	93.2%	139 303
Net cash from (used) investing	(208 904)	(46 568)	(255 472)	(255 472)	(255 472)	(150 256)		106 216	58.6%	71.6%	(111 154)
Net cash from (used) financing	(17 100)	(27)	114 584	114 584	114 584	105 451		(9 133)	99.1%	99.2%	92 578
Cash/cash equivalents at the year end	81 310	33 262							92.0%	129.7%	

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

Statement of Budget Comparison

Material Variance Explanations 30 June 2018

Description	Final Budget 30 June 2018	Revenue/ Expenditure 30 June 2018	% Variance/ Variances greater than R50 000 (under)/over	Reasons for Material Deviations	Impact on Service Delivery
Revenue By Source					
Property rates	136 952 647	126 475 877	-8	Property rates accounts are billed annually in July. Parameters previously incorrectly linked, but has now been fixed. Penalties recognised from arrear rates accounts are higher than anticipated.	Negative
Service charges	543 679 683	508 435 906	-6	Year-end 2016/2017 electricity sales adjustment of R25 177 058. Year-end 2016/2017 water sales adjustment of R5 044 817. Revenue recognised from residential water consumption are less than anticipated, due to national drought message. However consumption is expected to pick up in the latter months of this year.	Negative
Investment revenue	10 620 000	16 555 890	56	Additional interest received on the current account at ABSA bank, and additional cash on hand are also invested, due to the underspending on the capital budget of 2017/2018.	Positive
Transfers recognised - operational	149 072 329	130 203 146	-13	Unutilized Provincial Housing Grant from 2016/2017 was recognised as income in 2017/2018.	Negative
Transfers recognised - capital	146 151 259	131 654 445	-10	Unutilized Provincial Housing Grant from 2016/2017 was recognised as income in 2017/2018.	Negative
Other own revenue	186 277 292	146 197 433	-22	Revenue recognised from other revenue sources are less than anticipated. Effects of IGRAP 1 Calculation mean that the Recognition of Revenue from Speed infringements is only at the end of the year. The budgeted amount is to ensure that we are in line with GRAP requirements of accruing traffic fines as and when they have been issued instead of using the actual cash amount. The budgeted amount for traffic fines was adjusted upwards in anticipation of more traffic fines to be issued. Currently revenue from traffic fines issued are less than anticipated.	Negative
Expenditure By Type					
Remuneration of councillors	18 736 953	16 890 841	-10	A vacant councillor position attributed to additional savings.	None
Transfers and grants	35 310 231	12 806 720	-64	Under spending on Provincial Housing Grant expenditure.	None
Other expenditure	330 053 110	285 467 918	-14	The Provision for Bad Debts: Traffic Fines was reduced as a result of fewer outstanding traffic fine debtors.	None
Capital Expenditure					
TECHNICAL SERVICES					
Worc WWTW - Bellpressee	8 228 272	5 878 427 03	(249 845)	Multi year project. Unspent Roll-over to 2018/19	None
New Sewer Pump Station & Rising Main	10 028 504	8 315 818 38	(1 712 686)	Multi year project. Unspent Roll-over to 2018/19	None
Supply pipeline and augmentation of pumpstation	9 800 000	2 006 703 56	(7 793 296)	Multi year project. Unspent Roll-over to 2018/19	None
Surfacing of Roads					
Breed Valley Roads	2 277 925	3 344 510 35	1 066 585	Penalties Capitalised according to Grap 17	None
Zwalemba IDT Roads	1 120 387	1 070 207 13	(50 180)	Saving, cost less than budgeted	None
Resurfacing of Municipal Roads - Worcester	16 373 432	16 256 480 00	(116 952)	Saving, cost less than budgeted	None
Networks					
Replacement of Sewer Network (Roll-over)	4 567 691	4 233 013 03	(334 678)	Multi year project. Unspent Roll-over to 2018/19	None
Replacement of water pipes	5 253 118	5 387 318 10	134 200	Multi year project. Contractor exceeded planned progress	None. Project to be completed earlier
Upgrading Storm water networks	511 068		(511 068)	Part budget for stormwater Barfike street. Project completed within budget. Savings	Funding available for future projects
Boreholes					
Borehole - Touwsriver	1 200 000	1 066 665 00	(133 335)	Donated asset. Total cost less than anticipated	None
Solid Waste & Area Cleaning					
Worcester					
New Chipper	720 307	580 680 00	(139 627)	Saving, cost less than budgeted	None
Tools & Equipment	3 233 699	3 045 376 53	(188 322)	Saving, cost less than budgeted	None
De Doorns					
Street refuse bins	270 000	217 925 00	(52 075)	Saving, cost less than budgeted	None
Equipment					
Admin: Furniture and Equipment	145 500	94 087 35	(51 412)	Saving, cost less than budgeted	None
Cable and fault Locator	345 000		(345 000)	Delay in acquisition. Roll-over to 2018/19	None
Miniature substations	3 200 000		(3 200 000)	Delay in acquisition. Roll-over to 2018/19	None
LT Boards	500 000		(500 000)	Delay in acquisition. Roll-over to 2018/19	None
Service Connections (Depending on Public Contr)					
Sewer Connections	131 500		(131 500)	Requests for new services less than anticipated	None
Water Connections	214 600		(214 600)	Requests for new services less than anticipated	None
Electricity Network Extensions (Depending on Public Contr)	1 329 200	1 117 101 66	(212 098)	Requests for new services less than anticipated	None
Ward 2					
New High Mast Lighting - De Doorns (MIG number 153221)	842 812		(842 812)	Problems with tenders. To be completed from 2018/19 MIG allocation	Small. Project to be completed later
Ward 3					
New High Mast Lighting - De Doorns: Sunny Side Orchards (MIG number 211786)	293 404		(293 404)	Project re-prioritised	Little as current lighting is adequate
Replace 11 Kv cable from Rumosa to Voortrekkerweg (1 500 m @ 165 mm Al PILC)	4 630 000	1 385 674 39	(3 244 326)	Departmental project. Delay in delivery of material. Roll-over to 2018/19	None
Berfinka Street Stormwater Improvements	2 140 000	1 992 378 25	(147 622)	Savings on project	None
Ward 8					
Replace 11 Kv cable from Mc Allister to Field Sub (1 600 m @ 165 mm Al PILC)	5 450 000	856 892 29	(4 593 108)	Departmental project. Delay in delivery of material. Roll-over to 2018/19	None

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

Statement of Budget Comparison

Material Variance Explanations 30 June 2018

Description	Final Budget 30 June 2018	Revenue/Expenditure 30 June 2018	% Variance/Variances greater than R50 000 (under)/over	Reasons for Material Deviations	Impact on Service Delivery
Ward 9					
Fencing of Electrical Boxes	100 000		(100 000)	Tender awarded. Rolled over to 2018/19 Fin year	None
Ward 11					
Fencing of Electrical Boxes	100 000		(100 000)	Tender awarded. Rolled over to 2018/19 Fin year	None
Ward 13					
Fencing of Electrical Boxes	100 000		(100 000)	Tender awarded. Rolled over to 2018/19 Fin year	None
Ward 14					
Fencing of Electrical Boxes	100 000		(100 000)	Tender awarded. Rolled over to 2018/19 Fin year	None
Ward 15					
Fencing of De Vos Street Substation	100 000		(100 000)	Tender awarded. Rolled over to 2018/19 Fin year	None
MUNICIPAL MANAGER					
Project Management -0615					
Pedestrian walkways - Avian Park, Riverview, Roodewal	4 797 400	4 465 923.54	(331 476)	Project savings	None, project fully implemented
Containerised community facility	673 698	595 714.90	(77 983)	Project savings	None, project fully implemented
Mini-soccer astro turf - Avian Park	670 000	535 304.83	(134 695)	Project not complete, roll-over of funds applied for and approved by PT	Project completion delayed due to adverse weather
Mini-soccer astro turf - Riverview	820 000	566 004.47	(253 995)	Project not complete, roll-over of funds applied for and approved by PT	Project completion delayed due to adverse weather
Mini-soccer astro turf - Roodewal	575 338	437 301.93	(138 036)	Project not complete, roll-over of funds applied for and approved by PT	Project completion delayed due to adverse weather
Mini-soccer astro turf - Zwidehemba	670 000	530 974.84	(139 025)	Project not complete, roll-over of funds applied for and approved by PT	Project completion delayed due to adverse weather
Fencing of Security Container	55 000	1 492.05	(53 508)	Project savings	None, project fully implemented
Recreational Facilities - Roodewal	200 000	72 797.67	(127 202)	Supplier couldn't deliver trees at his quoted rate. Roll over applied for and approved by PT	Project completed except for supply, delivery and installation of trees
Installation of 15 floodlights in Tourwivier	225 000	56 433.47	(168 567)	Project savings	None, project fully implemented
Recreation area on Erf 562 Tourwivier	100 000	37 768.33	(62 232)	Supplier couldn't deliver trees at his quoted rate. Roll over applied for and approved by PT	Project completed except for supply, delivery and installation of trees
COMMUNITY SERVICES					
HOUSING					
Tours River (200) IRDP					
Stormwater	850 200	604 831.34	(245 369)	Project at Planning stage. Draft Basic Assessment Report submitted	None, project is on schedule implementation is in 2019/2020
Roads	850 200	604 831.34	(245 369)	Project at Planning stage. Draft Basic Assessment Report submitted	None, project is on schedule implementation is in 2019/2020
Sewer Retention	850 200	604 831.33	(245 369)	Project at Planning stage. Draft Basic Assessment Report submitted	None, project is on schedule implementation is in 2019/2020
Water Retention	850 203	604 831.34	(245 372)	Project at Planning stage. Draft Basic Assessment Report submitted	None, project is on schedule implementation is in 2019/2020
Zwidehemba 2000 UISP					
Stormwater	500 000		(500 000)	Tender adjudication for the appointment of consultants in August 2018	None, the available budget is only for appointment
Roads	500 000		(500 000)	Tender adjudication for the appointment of consultants in August 2018	None, the available budget is only for appointment
Sewer Retention	500 000		(500 000)	Tender adjudication for the appointment of consultants in August 2018	None, the available budget is only for appointment
Water Retention	500 000		(500 000)	Tender adjudication for the appointment of consultants in August 2018	None, the available budget is only for appointment
Transhex					
Water Retention	12 275 000	12 996 313.38	721 313	Project administered by Prov Gov. Actual expenditure more than budget	None
Sewer Retention	12 275 000	12 996 313.39	721 313	Project administered by Prov Gov. Actual expenditure more than budget	None
Roads	12 275 000	12 996 313.39	721 313	Project administered by Prov Gov. Actual expenditure more than budget	None
Stormwater	12 275 000	12 996 313.39	721 313	Project administered by Prov Gov. Actual expenditure more than budget	None
SWIMMING BATH: Zwidehemba - 5125					
New Swimming Bath	188 332	17 278.90	(171 053)	Tender process not services not completed	Later completion
WATERLOO LIBRARY - 4508					
Upgrade library	5 529 520	764 518.58	(4 765 001)	The late submission of the plans by the architect of the Department of Human Settlement was the first stumbling block. A contractor was appointed in December 2017. Several delays occurred due to non-compliance of the contractor re Health and Safety regulations as indicated by the Health and Safety Consultant	Late completion (Service however still available)
TRAFFIC					
Upgrading of building - Municipal Court	129 800	49 000.00	(80 800)	Multi year project. Planning phase.	None
FIRE DEPARTMENT: ADMIN - 4203					
Completion of De Doorns Fire Station	1 612 649	1 475 828.17	(136 821)	Savings on project	None
De Doorns Fire station equipment	1 548 112	807 978.71	(741 133)	Savings on project	None
Fire Engine: Superstructure	1 500 000		(1 500 000)	Delay in completion of superstructure. To be completed in 2018/19	None
Vehicles: Donation - District Municipality		130 000.00	130 000	Donated Asset not budgeted for	None
FINANCIAL SERVICES					
Financial Planning					
Safeguarding of Assets	650 000	583 350.45	(66 650)	Preferred Supplier for DVR for cameras at substations could not deliver in time	High. Safety of substations at risk
Insurance claims	400 000	43 516.47	(356 484)	Expenditure only incurs when insurance claim occurs	None
Revenue					
Computer Equipment	64 160		(64 160)	Preferred supplier could not deliver before 30 June 2018	Low. Equipment to be purchased in 2018/19
STRATEGIC SUPPORT SERVICES					
Other Buildings - 3915					
Acquisition of building (Bafke)	20 175 439		(20 175 439)	Building paid for in June 2018. Registration only in July. Expenditure could therefore not be recognised in Fin year	None. Building occupied and used by BVM
Human Resources - 2112					
ERP HR System	350 000		(350 000)	Insufficient funding. Amount rolled over to 2018/19	None
Information Technology - 2114					
Upgrade of radio network	3 550 000	2 890 070.00	(659 930)	Savings on budgeted amount	None
Disaster Recovery Site	150 000	92 985.00	(57 015)	Savings on budgeted amount	None
Computer Equipment	1 202 000	1 140 743.69	(61 256)	Savings on budgeted amount	None

Statement of Budget Comparison

Material Variance Explanations 30 June 2018

Description	Final Budget 30 June 2018	Revenue/ Expenditure 30 June 2018	% Variance/ Variances greater than R50 000 (under)/over	Reasons for Material Deviations	Impact on Service Delivery
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Virements to Final Adjustment Budget (Reconciliation of Budget Summary)

Expenditure By Type

Employee costs	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 27 February 2018: Virements was approved by the Chief Financial Officer and it was done in line with the Approved Virement Policy of 2017/2018
Remuneration of councillors	
Materials and bulk purchases	
Transfers and grants	
Other expenditure	

Cash flow

Cash/ Cash Equivalents at the year end.	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 27 February 2018: Virements was approved by the Chief Financial Officer and it was done in line with the Approved Virement Policy of 2017/2018
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BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. Amounts reflected in the financial statements are presented in South African Rand. Financial values are rounded to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied except where exemption has been granted, are disclosed below.

The accounting policies applied are consistent with those used to present the previous year's financial statements.

The financial statements have been prepared on a going concern basis.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that effect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. The calculation of the impairment of trade receivables is based on a payment percentage assessment of the individual debtors of the municipality. If an individual debtor has a payment percentage of more than 80%, impairment is not considered. In instances where the payment percentage is less than 80% the individual debtor is impaired based on the actual non-payment percentage of the outstanding debt.

Allowance for slow moving, damaged and obsolete inventory

An assessment is made of net realizable value at the end of each reporting period. An allowance for inventory to write inventory down to the lower of cost or net realizable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the surplus/deficit.

Fair value estimation

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The fair value of long-term receivables is estimated by discounting the future contracted cash flows at the prime interest rate.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)**Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the recoverable amount assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Value in use of cash generating assets:

Cash generating assets are assets held with the primary objective of generating a commercial return.

The municipality reviews and tests the carrying value of cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as inflation and interest rates.

Value in use of non-cash generating assets:

Non-cash generating assets are assets other than cash generating assets.

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the following information:

Professional engineers were utilized to determine the cost of rehabilitation of landfill sites, as well as the remaining useful life of each Landfill site. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm and on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the municipality.

At the end of each reporting period the municipality assesses whether there is any indication that the municipality's expectations about the residual value and the useful life of Property, Plant and Equipment has changed since the preceding reporting period. If any such indication exists, the municipality revises the useful life and/or the residual value. These changes are accounted for as a change in accounting estimate and are disclosed in the notes to the financial statements relating to Change in Accounting Estimates in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.

Post-retirement benefits and other long-term benefits

The present value of the post retirement obligation and other long-term employee obligations is actuarially determined by independent qualified actuaries on an annual basis. The present value depends on a number of factors, including but not limited to discount rates, expected rate of return on assets, future salary increases, mortality rates and future pension increases, that are determined on an actuarial basis. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the municipality considers market yields at the reporting date on government bonds.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

Post-retirement benefits (Continued)

Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 19 - Employee Benefits.

Long Service Awards

Long Service Awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans are valued by independent qualified actuaries on an annual basis and the corresponding liability is raised. Payments are set off against the liability, including notional interest, resulting from the actuarial valuation and are recognized in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the adjustments and changes in actuarial assumptions is recognized in the Statement of Financial Performance in the period that it occurs.

Staff Leave Accrual

The Municipality provides for annual leave as they accrue to employees. The liability is based on the total amount of leave days accrued to employees at year end and the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current year's entitlement is not used in full. The provision will be realized as employees take leave or when employment is terminated, whereupon the leave accrued to the employee that has not been used, is paid out.

Performance Bonus Accrual

The Municipality recognizes a provision relating to the anticipated costs of performance bonuses payable to Section 57 employees, as the costs accrue to the specific employees. Municipal bonus provisions are based on the employment contract stipulations and previous performance bonus trends.

13th Cheque Accrual

The Municipality recognizes a provision relating to the anticipated costs of 13th Cheques as they accrue to employees. The liability at year end is based on the bonus accrued to each employee at yearend.

Effective interest rate

The municipality used the prime rate to discount future cash flows.

Allowance for impairment

On receivables an impairment loss is recognized in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or for
- administrative purposes; or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that is associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognized.

Subsequent to initial measurement investment property is measured at fair value.

Fair value

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the municipality measures that investment property using the cost model (as per the accounting policy on property, plant and equipment). The residual value of the investment property is then assumed to be zero. The municipality applies the cost model (as per the accounting policy on property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (See Note 10)

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	
• Buildings		10 - 100 years
• Recreational facilities		15 - 100 years
Infrastructure	Straight line	
• Cemeteries		25 - 60 years
• Electricity		5 - 25 years
• Housing		20 - 100 years
• Landfill sites		1 - 55 years
• Pedestrian Malls		20 years
• Roads and paving		50 - 80 years
• Security		3 - 25 years
• Sewerage		15 - 75 years
• Water		15 - 100 years
Land		indefinite

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Property, plant and equipment (continued)

Other property, plant and equipment	Straight line	
• Furniture and fixtures		2 - 20 years
• Specialised property, plant and equipment		5 - 20 years
• Specialist vehicles		5 - 30 years
• Other equipment		5 - 20 years
• Other vehicles		5 - 30 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements. See Note 11.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements. See Note 11.

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes:

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located;
- changes in the measurement of an existing decommissioning, restoration and similar liability that result from change in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in discount rate; and
- the obligation the municipality incurs for having used the items during a particular period for purposes other than to produce inventories during that period.

The related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially measured at cost.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.5 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 - 5 years
Right to access of water	99 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the asset is derecognised.

1.6 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value can be measured reliably.

Where the municipality holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in note 13 Heritage assets.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

Subsequent to initial measurement classes of heritage assets are carried at cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that a heritage asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the item is derecognised.

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1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long term receivables	Financial asset measured at amortised cost
Short term investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long term liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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1.7 Financial instruments (continued)**Subsequent measurement of financial assets and financial liabilities**

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipal-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written-off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written-off are credited against operating expenses.

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1.7 Financial instruments (continued)

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition**Financial assets**

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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1.8 Statutory receivables**Identification**

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of the Standard of GRAP on Statutory Receivables) means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the accounting policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment losses; and
- Amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

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Accounting Policies

1.8 Statutory receivables (continued)

Impairment losses

The municipality assesses at the end of each reporting date whether there is any indication that a statutory receivable or group of statutory receivables is impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation.
- a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable, or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable when:

- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognises the receivable; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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1.9 Inventories (continued)

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Include the criteria how Breede distinguish between cash-generating assets from non-cash generating assets. This is a specific GRAP requirement. In the FAQ's there is a list of possible criterias.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.10 Impairment of cash-generating assets (continued)**Cash-generating units**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.10 Impairment of cash-generating assets (continued)**Reversal of impairment loss**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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Accounting Policies

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

Include the criteria how non-cash generating assets are distinguish. This is a specific GRAP requirement

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.11 Impairment of non-cash-generating assets (continued)**Reversal of an impairment loss**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Value-added Tax

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act (Act 89 of 1991).

1.13 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the municipality assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Any contingent rent are expensed in the period in which they are incurred.

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1.14 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell-phones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

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Accounting Policies

1.14 Employee benefits (continued)**Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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Accounting Policies

1.14 Employee benefits (continued)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

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Accounting Policies

1.14 Employee benefits (continued)**Other long-term employee benefits**

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost; and
- the effect of any curtailments or settlements.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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Accounting Policies

1.15 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is a:

- possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

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Accounting Policies

1.15 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and accounts for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.10 and 1.11.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.16 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.17 Revenue from exchange transactions

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Accounting Policies

1.17 Revenue from exchange transactions (continued)**Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.18 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)**Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)**Fines**

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind that are significant to the municipality's operations and/or service delivery objectives are recognised as assets and the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

Concessionary loans received

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue, is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exists in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events given rise to the transfer occurred.

1.21 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

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Accounting Policies

1.21 Commitments (continued)

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

- contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 50 for detail.

1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Budget information

The approved budget is prepared on the accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 July 2015 to 30 June 2016.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.27 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions within related parties not at arm's length or not in the ordinary course at business are disclosed.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statement.

1.29 Reclassifications

Reclassification of certain accounts were made in order to comply with the requirements of Municipal Standard Chart of Accounts (MSCOA). The reclassifications have no impact on the net asset value of the municipality.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 50 for detail.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2 New standards and interpretations**2.1 Standards and interpretations effective and adopted in the current year**

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 16 (as revised 2015) Investment Property

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- the encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements is now required.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has adopted the amendment for the first time in the 2019 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

GRAP 17 (as revised 2015) Property, Plant and Equipment

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has adopted the amendment for the first time in the 2019 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2017 or later periods:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers: definitions, preparation of separate financial statements, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard. The impact of this standard is currently being assessed

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)**GRAP 35: Consolidated Financial Statements**

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers: definitions, control, accounting requirements, investment entities: fair value requirement, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers: definitions, significant influence, equity method, application of the equity method, separate financial statements, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers: definitions, joint arrangements, financial statements and parties to a joint arrangement, separate financial statements, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)**GRAP 38: Disclosure of Interests in Other Entities**

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers: definitions, disclosing information about interests in other entities, significant judgements and assumptions, investment entity status, interests in controlled entities, interests in joint arrangements and associates, interests in structured entities that are not consolidated, non-qualitative ownership interests, controlling interests acquired with the intention of disposal, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources.

It furthermore covers: definitions, recognition, measurement, depreciation, impairment, compensation for impairment, transfers, derecognition, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets (GRAP 103). As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date.

The impact of this interpretation is currently being assessed.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)

GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12).
- IPSASB amendments: to align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 16 (as amended 2016): Investment Property

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: to clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 17 (as amended 2016): Property, Plant and Equipment

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: to clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; to align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and to define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

2 New standards and interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 27 (as amended 2016): Agriculture

Amendments to the Standard of GRAP on Agriculture resulted from changes made to IPSAS 27 on Agriculture (IPSAS 27) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27. In addition to the changes made by the IPSASB, a consequential amendment has been made to GRAP 103 on Heritage Assets. The IPSASB currently does not have a pronouncement on this topic.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: to update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: to update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)**GRAP 31 (as amended 2016): Intangible Assets**

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: to add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: to clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and to clarify acceptable methods of depreciating assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 106 (as amended 2016): Transfers of functions between entities not under common control

Amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

- IASB amendments: to require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- close member of the family of a person;
- management;
- related parties;
- remuneration; and
- significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management

The effective date of the standard is set by the Minister of Finance.

The municipality expects to adopt the standard for the first time for the 2020 financial year. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal- agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers: definitions, identifying whether an entity is a principal or agent, accounting by a principal or agent, presentation, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

GRAP 18 Segment reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in the budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

This Standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

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BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	13,811	31,825
Bank balances	105,436,928	92,546,325
	105,450,739	92,578,150

Refer to note 56 on the additional disclosures required by the Municipal Finance Management Act where the detail regarding the bank balances are disclosed.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates.

Credit rating			
Current Account (P-3)		105,436,928	92,546,325
ABSA (P-2)		5,000,000	15,000,000
Nedbank (P-3)		15,000,000	40,000,000
Investec (P-1)		5,000,000	5,000,000
Standard Bank (P-3)		10,000,000	30,000,000
FirstRand Bank Limited (P-1)		10,000,000	-
		150,436,928	182,546,325

P-1 Issuers (or supporting institutions) rated Prime -1 have a superior ability to repay short term debt obligations

P-2 Issuers (or supporting institutions) rated Prime -2 have a strong ability to repay short term debt obligations.

P-3 Issuers (or supporting institutions) rated Prime -3 have an acceptable ability to repay short term debt obligations

* See note 2

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BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
4. Receivables from exchange transactions		
Gross balances		
Availability charges	6,294,498	4,863,273
Electricity	48,067,564	50,221,392
Housing rental	6,319,055	5,197,819
Housing rental schemes	166,106	135,566
Refuse	18,702,140	15,283,560
Sewerage	30,714,993	25,172,718
Sundries	4,820,550	4,327,720
Water	26,013,506	23,273,495
	141,098,412	128,475,543
Less: Allowance for impairment		
Availability charges	(5,457,150)	(4,129,524)
Electricity	(2,625,443)	(2,046,287)
Housing Selling schemes	(11,024)	(6,370)
Housing rental	(4,864,531)	(3,667,308)
Refuse	(12,964,437)	(10,182,104)
Sewerage	(20,790,283)	(16,213,729)
Sundries	(3,244,117)	(2,001,744)
Water	(12,852,270)	(8,989,223)
	(62,809,255)	(47,236,289)
Net balance		
Availability charges	837,348	733,749
Electricity	45,442,121	48,175,105
Housing rental	1,454,524	1,530,511
Housing selling schemes	155,082	129,196
Refuse	5,737,703	5,101,456
Sewerage	9,924,710	8,958,989
Sundries	1,576,433	2,325,976
Water	13,161,236	14,284,272
	78,289,157	81,239,254
Electricity		
Current (0 -30 days)	45,152,889	47,609,068
31 - 60 days	499,971	477,720
61 - 90 days	555,795	251,940
91 - 120 days	82,577	158,156
121 - 365 days	1,776,335	1,724,508
Less: Allowances for impairment	(2,625,446)	(2,046,287)
	45,442,121	48,175,105
Water		
Current (0 -30 days)	9,469,489	11,936,564
31 - 60 days	1,204,688	1,155,894
61 - 90 days	1,209,327	781,410
91 - 120 days	893,622	903,567
121 - 365 days	13,236,380	8,496,060
Less: Allowances for impairment	(12,852,270)	(8,989,223)
	13,161,236	14,284,272

* See note 2

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
4. Receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	4,818,493	4,488,604
31 - 60 days	1,317,843	1,129,721
61 - 90 days	1,089,616	966,478
91 - 120 days	1,012,075	909,394
121 - 365 days	22,476,966	17,678,521
Less: Allowances for impairment	(20,790,283)	(16,213,729)
	9,924,710	8,958,989
Refuse		
Current (0 -30 days)	2,783,337	2,457,111
31 - 60 days	790,431	668,286
61 - 90 days	669,010	586,364
91 - 120 days	622,668	554,994
121 - 365 days	13,836,694	11,016,805
Less: Allowances for impairment	(12,964,437)	(10,182,104)
	5,737,703	5,101,456
Availability charges		
Current (0 -30 days)	402,501	401,580
31 - 60 days	204,504	199,123
61 - 90 days	177,838	178,028
91 - 120 days	166,939	174,053
121 - 365 days	5,342,716	3,910,489
Less: Allowances for impairment	(5,457,150)	(4,129,524)
	837,348	733,749
Housing Selling Schemes		
Current (0 -30 days)	10,115	15,652
31 - 60 days	3,828	3,963
61 - 90 days	2,953	3,305
91 - 120 days	2,954	3,403
121 - 365 days	146,255	109,243
Less: Allowances for impairment	(11,023)	(6,370)
	155,082	129,196
Housing rental		
Current (0 -30 days)	314,837	326,364
31 - 60 days	215,188	214,076
61 - 90 days	199,335	195,373
91 - 120 days	194,390	191,196
121 - 365 days	5,395,305	4,270,810
Less: Allowances for impairment	(4,864,531)	(3,667,308)
	1,454,524	1,530,511

* See note 2

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
4. Receivables from exchange transactions (continued)		
Sundries		
Current (0 -30 days)	1,127,453	1,672,598
31 - 60 days	52,594	102,005
61 - 90 days	841,761	378,421
91 - 120 days	32,186	61,253
121 - 365 days	2,766,556	2,113,443
Less: Allowances for impairment	(3,244,117)	(2,001,744)
	1,576,433	2,325,976
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	49,908,606	58,921,649
31 - 60 days	3,340,563	3,378,251
61 - 90 days	3,696,182	2,857,104
91 - 120 days	2,342,351	2,527,638
121 - 365 days	50,608,098	42,172,576
	109,895,800	109,857,218
Industrial/ commercial		
Current (0 -30 days)	12,495,627	7,652,209
31 - 60 days	836,377	438,737
61 - 90 days	925,414	371,055
91 - 120 days	586,455	328,267
121 - 365 days	12,670,759	5,476,991
	27,514,632	14,267,259
National and provincial government		
Current (0 -30 days)	1,674,877	2,333,684
31 - 60 days	112,106	133,801
61 - 90 days	124,040	113,160
91 - 120 days	78,607	100,111
121 - 365 days	1,698,351	1,670,311
	3,687,981	4,351,067
Total		
Current (0 -30 days)	64,079,112	68,907,541
31 - 60 days	4,289,046	3,950,789
61 - 90 days	4,745,636	3,341,318
91 - 120 days	3,007,412	2,956,016
121 - 365 days	64,977,208	49,319,879
	141,098,414	128,475,543
Less: Allowance for impairment	(62,809,257)	(47,236,289)
	78,289,157	81,239,254
Allowance for impairment		
31 - 60 days	(3,497,716)	(3,132,900)
61 - 90 days	(3,870,067)	(2,649,602)
91 - 120 days	(2,452,545)	(2,344,064)
121 - 365 days	(52,988,927)	(39,109,723)
	(62,809,255)	(47,236,289)

* See note 2

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Notes to the Annual Financial Statements

	2018	2017 Restated*
4. Receivables from exchange transactions (continued)		
Total debtor past due but not impaired		
31 - 60 days	791,328	817,889
61 - 90 days	875,569	691,717
91 - 120 days	554,867	611,951
121 - 365 days	11,988,281	10,210,156
	14,210,045	12,331,713

Receivables from exchange transactions impaired

As of 30 June 2018, were receivables from exchange transactions with an amount of R 62 809 257 - (2017: 47,236,289) impaired and provided for.

Reconciliation of allowance for impairment

Balance at beginning of the year	(47,236,289)	(37,640,233)
Contributions to allowance	(31,560,965)	(26,650,552)
Debt impairment written off against allowance	15,987,999	17,054,496
	(62,809,255)	(47,236,289)

Receivables from exchange transactions past due but not impaired

All trade receivables that are past due at the end of the reporting period are considered for impairment. It is expected that the trade receivables not impaired will be received by the municipality. The Council regards receivables from exchange transactions to be due for outstanding amounts more than 30 days to be past due. The impairment of receivables from exchange transactions is calculated based on the historic payment rate per individual receivable. It is expected that the trade receivables not impaired will be received by the municipality.

As of 30 June 2018 receivables from exchange transactions of R14 210 045 (2017: R12,331,713) were past due not impaired.

Credit quality of receivables from exchange transactions

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

5. Receivables from non-exchange transactions

Gross balances

Rates	29,736,118	24,648,774
Traffic fines	151,224,100	111,762,850
Traffic revenue receivable	59,671	59,671
Receivables fraud	129,999	29,999
Government subsidies	-	154,044
Housing board subsidies	422,643	422,643
	181,572,531	137,077,981

Less: Allowance for impairment

Rates	(17,847,673)	(13,163,301)
Traffic fines	(120,018,886)	(89,754,986)
	(137,866,559)	(102,918,287)

* See note 2

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	2018	2017 Restated*
5. Receivables from non-exchange transactions (continued)		
Net balance		
Rates	11,888,445	11,485,473
Traffic fines	31,205,214	22,007,864
Traffic revenue receivable	59,671	59,671
Receivables fraud	129,999	29,999
Government subsidies	-	154,044
Housing board subsidies	422,643	422,643
	43,705,972	34,159,694
Rates		
Current (0 -30 days)	8,334,300	6,839,653
31 - 60 days	894,319	1,134,424
61 - 90 days	589,046	1,149,426
91 - 120 days	506,115	610,472
121 - 365 days	19,412,338	14,914,802
Less: Allowance for impairment	(17,847,673)	(13,163,304)
	11,888,445	11,485,473
Summary of rates receivables by customer classification: Rates		
Consumers		
Current (0 -30 days)	6,491,247	5,848,469
31 - 60 days	696,549	970,027
61 - 90 days	458,784	982,854
91 - 120 days	394,193	522,004
121 - 365 days	15,119,478	12,753,373
	23,160,251	21,076,727
Industrial/ commercial		
Current (0 -30 days)	1,625,215	759,546
31 - 60 days	174,395	125,978
61 - 90 days	114,866	127,644
91 - 120 days	98,694	67,793
121 - 365 days	3,785,467	1,656,292
	5,798,637	2,737,253
National and provincial government		
Current (0 -30 days)	217,838	231,638
31 - 60 days	23,375	38,419
61 - 90 days	15,396	38,927
91 - 120 days	13,229	20,675
121 - 365 days	507,393	505,117
	777,231	834,776
Total		
Current (0 -30 days)	8,334,300	6,839,653
31 - 60 days	894,319	1,134,424
61 - 90 days	589,046	1,149,426
91 - 120 days	506,116	610,472
121 - 365 days	19,412,338	14,914,802
	29,736,119	24,648,777

* See note 2

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Notes to the Annual Financial Statements

	2018	2017 Restated*
5. Receivables from non-exchange transactions (continued)		
Less: Allowance for impairment	(17,847,673)	(13,163,304)
	11,888,446	11,485,473
Less: Allowance for impairment		
Current (0 -30 days)	-	-
31 - 60 days	(745,802)	(838,491)
61 - 90 days	(491,224)	(849,579)
91 - 120 days	(422,066)	(451,221)
121 - 365 days	(16,188,580)	(11,024,010)
	(17,847,672)	(13,163,301)
Total receivables past due but not impaired		
31 - 60 days	148,517	295,933
61 - 90 days	97,821	299,847
91 - 120 days	84,049	159,252
121 - 365 days	3,223,757	3,890,769
	3,554,144	4,645,801
Reconciliation of Traffic fines		
Opening balance	22,007,864	13,210,129
Receivables Traffic Fines	39,461,250	32,915,000
Provision for impairment	(30,263,900)	(24,117,265)
	31,205,214	22,007,864
Receivables from non-exchange transactions impaired		
As of 30 June 2018, receivables from non-exchange transactions were impaired by R137 866 559 (2017: R102 918 287) and provided for.		
Reconciliation of allowance for impairment: Rates		
Balance at beginning of the year	(13,163,303)	(10,639,865)
Contributions to allowance	(5,762,344)	(4,315,009)
Debt impairment written off against allowance	1,077,975	1,791,571
	(17,847,672)	(13,163,303)
Reconciliation of allowance for impairment: Traffic Fines		
Balance at beginning of the year	(63,520,349)	(52,820,894)
Contributions to allowance	(63,064,138)	(45,695,105)
Debt impairment written off against allowance	31,878,270	34,995,650
	(94,706,217)	(63,520,349)
Credit quality of receivables from non-exchange transactions		
The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates		

* See note 2

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BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
6. Other receivables from non-exchange transactions		
Interest receivable	924,809	1,287,898
Loans granted	3,306	3,054
Other receivables	3,427,832	632,812
PAYE	931,731	931,731
Prepaid expenses	21,116,610	3,848,510
Recoverable expenses	235,786	52,078
Less: Allowance for impairment	(3,306)	(2,376)
	26,636,768	6,753,707

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external ratings (if available) or to historical information about default rates.

Reconciliation of allowance for impairment

Opening balance	(2,376)	(3,878)
Increase in provision for the year	(930)	(348)
Debt impairment written-off against allowance	-	1,850
	(3,306)	(2,376)

7. Inventories

Consumable stores	14,442,554	10,758,920
Water stock	513,075	672,832
	14,955,629	11,431,752

8. VAT receivable

South African Revenue Service	13,708,021	3,280,811
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The municipality is registered on the cash basis.

No penalties and fines were incurred during the year.

9. Short term investments

Other fixed deposits	45,000,000	90,000,000
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Non-current assets

Investments	-	-
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Current assets

Short term portion of investment	45,000,000	90,000,000
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Short term fixed deposits are made with various banks for a period from 1 - 12 months. The interest rates earned vary between 7.12% and 8.25%.

Refer to the note 51 on the financial instruments for the detail of the investments.

* See note 2

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BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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10. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	21,785,500	-	21,785,500	21,018,000	-	21,018,000

Reconciliation of investment property - 2018

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	21,018,000	-	767,500	21,785,500

Reconciliation of investment property - 2017

	Opening balance	Disposals	Transfers	Fair value adjustments	Total
Investment property	20,625,500	-	-	392,500	21,018,000

Pledged as security

None of the above investment property have been pledged as security.

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was Saturday, 30 June 2018. Revaluations were performed by an independent valuer, Mr Coenraad Botha, of HCB Property Valuations. Mr Botha is a Professional Valuer registered at SACVP. HCB Property Valuations is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

Amounts recognised in surplus and deficit for the year:

The rental revenue earned from investment property for the financial year amounts to R200 627 (2016: R 204 221).

In the previous year the expenditure on investment property ran through one department who managed all repairs and maintenance on the municipality's structures and therefore an accurate split for the amount of investment properties operating expense could not be made for prior years. The operating expenses (including repairs and maintenance) incurred on the investment property for the financial were as follow :

Repairs and maintenance per class of asset type

Buildings	1,038	447,156
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Repairs and maintenance per nature of expense

Contracted services	1,038	447,156
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* See note 2

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BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018			2017 Restated*		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	275,630,453	(177,667,601)	97,962,852	270,293,169	(172,345,136)	97,948,033
Infrastructure	2,669,970,405	(1,033,647,289)	1,636,323,116	2,477,658,757	(967,125,985)	1,510,532,772
Land	239,657,087	-	239,657,087	239,675,837	-	239,675,837
Other property, plant and equipment	97,233,190	(42,844,611)	54,388,579	107,938,194	(49,073,743)	58,864,451
Total	3,282,491,135	(1,254,159,501)	2,028,331,634	3,095,565,957	(1,188,544,864)	1,907,021,093

* See note 2

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

11. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Buildings	97,948,033	5,345,536	(114)	-	-	(5,330,601)	97,962,854
Infrastructure	1,510,532,772	185,133,625	-	7,209,814	-	(66,553,095)	1,636,323,116
Land	239,675,837	-	(18,750)	-	-	-	239,657,087
Other property, plant and equipment	58,864,451	10,543,150	(107,323)	-	(2,185,111)	(12,726,588)	54,388,579
	1,907,021,093	201,022,311	(126,187)	7,209,814	(2,185,111)	(84,610,284)	2,028,331,636

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Buildings	96,507,919	8,154,667	(148,478)	(1,086,018)	-	(5,480,057)	-	97,948,033
Infrastructure	1,492,997,003	84,666,575	-	(1,287,693)	-	(65,313,690)	(529,423)	1,510,532,772
Land	241,542,707	-	(1,866,870)	-	-	-	-	239,675,837
Other property, plant and equipment	65,294,893	8,691,622	(282,559)	1,514,243	909,451	(17,263,199)	-	58,864,451
	1,896,342,522	101,512,864	(2,297,907)	(859,468)	909,451	(88,056,946)	(529,423)	1,907,021,093

Pledged as security

None of the above property, plant and equipment have been pledged as security.

Work in progress

The work in progress balances included in the property plant and equipment balance is as follows:

Buildings	3,145,449	4,884,544
Infrastructure	100,300,245	69,620,387
Other property, plant and equipment	-	41,000
	103,445,694	74,545,931

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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11. Property, Plant and Equipment (continued)

Lack of funding on the municipality's side resulted in the delay of the construction/development of the following property plant and equipment projects in the 2016/17 year. However no funding challenges have been experienced in the 2017/18 financial year and work in progress balances were mainly as a result of projects being multi-year projects.

Development/ construction of property, plant and equipment delayed:

Hex Valley MPC Upgrading	-	38,272
DeDoorns Fire Station	-	153,944
De Koppen Office Building	-	22,597
Cable Store & Fence	-	121,113
	-	335,926
	-	-

The following expenditure was incurred to repair and maintain property plant and equipment:

Repairs and maintenance per allocation to asset type

Infrastructure	41,195,084	37,005,000
General Vehicles	5,649,663	4,334,320
Plant and Equipment	1,595,854	3,480,467
Furniture and other Office Equipment	1,679,999	1,588,274
Other Buildings	11,836,670	17,472,534
	61,957,270	63,880,595

Repairs and maintenance per nature of expense

Contracted Services	49,984,054	48,560,024
Labour	9,707,173	9,867,000
Material	2,266,043	5,453,571
	61,957,270	63,880,595

Change in Accounting Estimate

A review of useful lives was done on assets. During the review certain infrastructure and other property plant and equipment with R nil book values and nil remaining lives were identified. The municipality's management considered how to account for the change in the estimated useful lives. The effect of a change in accounting estimate is required to be recognised prospectively by including it in surplus or deficit in the period of the change, if the change effects that period only; or the period of the change in future periods, if the change effects both. Management concluded that it should apply the change in estimate prospectively from the start of 2018 and therefore the depreciation charge was applied prospectively from 1 July 2017 over the remaining useful life of these assets. The effect of the change in accounting estimate is further disclosed in note 49.

Other Information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Refer to Appendix B for more detail on property, plant and equipment.

The total cost of fully depreciated assets still in use amounts to R 4 643 467. These are items that do not have an active market and cannot be sold when it is no longer in use.

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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12. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,781,346	(1,973,883)	807,463	2,781,346	(1,577,641)	1,203,705
Right of use of water	4,275,264	(427,758)	3,847,506	4,275,264	(384,888)	3,890,376
Total	7,056,610	(2,401,641)	4,654,969	7,056,610	(1,962,529)	5,094,081

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	1,203,705	(396,242)	807,463
Right of use of water	3,890,376	(42,870)	3,847,506
	5,094,081	(439,112)	4,654,969

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	1,462,246	197,970	(456,511)	1,203,705
Right of use of water	3,933,128	-	(42,752)	3,890,376
	5,395,374	197,970	(499,263)	5,094,081

Pledged as security

None of the above intangible assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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13. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art	12,575,100	-	12,575,100	12,575,100	-	12,575,100
Books	585,959	-	585,959	585,959	-	585,959
Land	16,770,000	-	16,770,000	16,770,000	-	16,770,000
Buildings	6,700,000	-	6,700,000	6,700,000	-	6,700,000
Total	36,631,059	-	36,631,059	36,631,059	-	36,631,059

Reconciliation of heritage assets 2018

	Opening balance	Total
Art	12,575,100	12,575,100
Books	585,959	585,959
Land	16,770,000	16,770,000
Buildings	6,700,000	6,700,000
	36,631,059	36,631,059

Reconciliation of heritage assets 2017

	Opening balance	Total
Art	12,575,100	12,575,100
Books	585,959	585,959
Land	16,770,000	16,770,000
Buildings	6,700,000	6,700,000
	36,631,059	36,631,059

Other information

The municipality assessed whether there is an indication that heritage assets needs to be impaired. No impairment loss on heritage assets was recognised for the period under review.

No expenditure was incurred to repair and maintain heritage assets.

None of the above heritage assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
14. Long term receivables		
Housing selling schemes loans		
Housing selling scheme	128,764	152,999
Less: Allowance for impairment	(43,518)	(39,680)
	85,246	113,319
Welfare loans		
Welfare loans	2,070	6,181
Less: Allowance for impairment	(881)	(3,357)
	1,189	2,824
Housing loans - personnel		
Housing personnel	289,495	371,267
Arrangements		
Arrangements	10,207,014	12,879,731
Less: Allowance for impairment	(5,718,676)	(6,412,220)
	4,488,338	6,467,511
Less: Current Portion transferred to current receivables		
Housing selling scheme	(7,082)	(21,421)
Welfare loans	(2,072)	(4,111)
Housing personnel	(21,994)	(85,936)
Arrangements	(2,807,488)	(3,566,889)
	(2,838,636)	(3,678,357)
Less: Current Portion of allowance for impairment transferred to current receivables		
Housing selling scheme	(881)	(2,232)
Welfare loans	(2,394)	(5,555)
Arrangements	(2,283,924)	(2,121,356)
	(2,287,199)	(2,129,143)
Long term receivables - Net		
Long term receivables - non-current portion	4,312,831	5,405,708
Long term receivables - current portion	551,437	1,549,212
	4,864,268	6,954,920

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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14. Long term receivables (continued)

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administration's housing programme. These loans attract interest of prime plus 1 % per annum and are repayable over a maximum period of 30 years.

Welfare loans

Welfare loans are granted to qualifying organisations in terms of the provincial administration's housing programme. These loans attract interest at prime plus 1% per annum and are repayable over a maximum period of 30 years.

Housing loans - Personnel

Housing loans were granted to personnel and attract interest at between 7.5% and 15% per annum and are repayable over periods not exceeding 30 years.

Land sales

Loans were granted to individuals for purchasing land from the municipality. These loans attract interest at prime plus 1% and are repayable over periods not exceeding 2 years.

Arrangements

The arrangements consist of consumer receivables with whom the council has negotiated repayment terms. These arrangements attract no interest and the repayment periods vary between 15 and 30 years.

As at 30 June 2018 long term receivables of R4 312 831 (2017: R5 405 708) were past due not impaired. The ageing of these long term receivables are more than 365 days as long term receivables are classified as non-current assets in the financial statements.

As of 30 June 2018 long term receivables of R3 475 876 (2017: R4 326 113) were impaired. The individually impaired receivables mainly relate to those receivables who have agreements with the municipality to pay their debt over a long period. The ageing of these individually impaired receivables is more than 365 days based on the nature of long term receivables.

15. Payables from exchange transactions

Accrued interest on long term liability	6,353,539	6,688,805
Credit balances closed	30,049	30,049
Ex Retentions	290,039	290,039
Lease liability	270,153	728,146
Other payables	2,546,706	3,344,435
Payments received in advance	7,326,898	7,477,700
Retentions	6,688,280	4,325,614
Sundry deposits	546,460	504,149
Trade payables	84,879,566	70,254,901
	108,931,690	93,643,838

16. Consumer deposits

Electricity	1,792,073	1,681,863
Water	2,120,086	1,998,652
	3,912,159	3,680,515

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
16. Consumer deposits (continued)		
Guarantees		
Guarantees held in lieu of Electricity and Water Deposits	22,000	22,000

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. Council policy dictates that all accounts are owner accounts. Consumer deposits are refunded to the owner when a house is sold after the municipality has issued a clearance certificate. A clearance certificate will only be issued to the old owner if the municipal account is up to date.

17. Unspent conditional grants and receipts

Balances at year end

Unspent grants	47,472,305	28,363,641
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Movement during the year

Balance at the beginning of the year	28,363,641	17,965,618
Total Government receipts	281,846,230	186,082,373
Conditions met- capital grants	(132,878,165)	(58,172,673)
Conditions met- operating grants	(115,718,808)	(102,611,776)
Conditions met- Housing projects	(13,986,549)	(13,125,244)
Included in other receivables	422,643	576,687
From other receivables	(576,687)	(2,351,344)
	47,472,305	28,363,641

The allocations and subsidies received from National and Provincial Government as well the District Municipality, have been deposited into the Council's own bank account. The allocations received have been utilised in accordance with the conditions set. Where all the conditions have not yet been met, the total allocations have not been utilised. The outstanding conditions will be met prior to/or when the balance of the allocations is utilised. The percentage of the allocations utilised is an indication of the conditions met. Where the total of the allocations were utilised, all the conditions have been met. Also refer to Appendix D for further detail regarding unspent conditional grants.

18. Long term liabilities

At amortised cost

Annuity loans	223,718,063	240,918,060
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Refer to Appendix A for further information on long term liabilities.

Non-current liabilities

At amortised cost	214,291,004	223,718,063
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Current liabilities

At amortised cost	9,427,059	17,199,997
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19. Employee benefit obligation

Reconciliation of employee benefits - 2018	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	140,855,000	5,029,138	(5,795,138)	140,089,000
Long service awards	17,421,000	3,021,413	(1,884,413)	18,558,000
Performance bonus	307,785	753,012	(281,856)	778,941
Staff leave accrual	16,932,404	3,946,280	(1,196,974)	19,681,710

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*		
19. Employee benefit obligation (continued)				
13th cheque accrual	4,969,145	5,374,398		
	180,485,334	184,482,049		
Reconciliation of employee benefits - 2017				
	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	140,168,000	6,141,156	(5,454,156)	140,855,000
Long service awards	16,517,000	2,027,228	(1,123,228)	17,421,000
Performance bonus	185,057	392,140	(269,412)	307,785
Staff leave accrual	16,387,153	2,415,432	(1,870,181)	16,932,404
13th cheque accrual	4,428,253	540,892	-	4,969,145
	177,685,463	11,516,848	(8,716,977)	180,485,334
Non-current employee benefits				
Provision for Post-retirement medical aid benefits		134,008,000		134,849,414
Long service awards		16,797,101		15,896,862
		150,805,101		150,746,276
Current employee benefits				
Provision for Post-retirement medical aid benefits		6,081,000		6,005,586
Long service awards		1,760,899		1,524,138
Performance bonus		778,940		307,785
Staff leave accrual		19,681,711		16,932,404
13th cheque accrual		5,374,398		4,969,145
		33,676,948		29,739,058
Post-Retirement medical aid benefit: Movements				
Opening balance		140,855,000		140,168,000
Benefits paid		(5,795,138)		(5,454,156)
Net expense recognised		5,029,138		6,141,156
		140,089,000		140,855,000
Post-Retirement medical aid benefit: Net expense recognised				
Current service cost		4,788,000		4,832,000
Interest cost		16,798,000		16,087,000
Actuarial losses/(gains)		(16,556,862)		(14,777,844)
		5,029,138		6,141,156
Long service awards: Movements				
Opening balance		17,421,000		16,517,000
Benefits paid		(1,884,413)		(1,123,229)
Net expense recognised		3,021,413		2,027,229
		18,558,000		17,421,000
Long service awards: Net expense recognised				
Current service cost		1,302,000		1,281,000
Interest cost		1,792,000		1,646,000
Actuarial losses/(gains)		(72,587)		(899,771)
		3,021,413		2,027,229

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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19. Employee benefit obligation (continued)

Defined benefit plan

Post retirement medical aid plan

Current and continuation members receive a 60% and 70% subsidy respectively of medical and contributions in retirement. The spouse and child dependants of an employee are entitled to a 60% and 70% subsidy respectively of their contributions in the event of the principal members' death in-service. In the event of the death of the principal member, the spouse becomes the principal member.

In 2018: 66% (2017: 64%) of the employees belonged to the above plan. The plan is defined as a post-retirement medical benefit plan.

Long service awards

All permanent employees are entitled to a specified number of days additional leave based on their service. The employee may convert the additional leave into a cash amount.

In 2018: 19.09 % (2017: 11.86%) of the employees qualified for long service awards.

Key assumptions used

The municipality made use of an independent firm to perform the valuation of post-retirement medical aid benefits and long service awards. Niel Fourie (B.Comm) (CERA) (FASSA) and Julian van der Spuy (B.Comm Actuarial Science) from ZAQ Consultants and Actuaries were the experts for the valuation. The key assumptions used by the experts are listed below for the last valuation on 30 June 2018:

Post Retirement medical aid benefit: Discount rates	9,95	9.93 %
Post Retirement medical aid benefit: Healthcare cost inflation	7,98	8.45 %
Long service awards: Discounts rates	Yield curve	Yield curve
Long service awards: Discounts Salary inflation	CPI+1%	CPI+1%

The nominal and real zero curves as at 29 June 2018 supplied by the JSE are the basis used to determine the discount rate and CPI assumptions at each relevant time period.

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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19. Employee benefit obligation (continued)

Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the service	6,218,000	4,010,000
Effect on defined interest cost	17,471,000	13,069,000
Effect on defined benefit obligation	161,999,000	122,243,000

Assumed salary inflation trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed salary inflation trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the service	1,516,000	1,272,000
Effect on interest cost	1,977,000	1,698,000
Effect on defined benefit obligation	19,974,000	17,286,000

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all 875 (2017: 829) of its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

The last valuation of the Municipal Workers Retirement Fund (Previously the SAMWU National Provident Fund) was done on 30 June 2017.

The last valuation of the SALA Pension Fund was done on 4 July 2017.

The last valuation of the Consolidated Retirement Fund for Local Government (previously Cape Joint Retirement Fund) was performed on 30 June 2016.

The last valuation of the LA Retirement Fund (previously Cape Joint Pension Fund) was performed on 30 June 2016.

The valuers of the respective funds were satisfied that the plan is in a sound financial position.

Contributions by Council in respect of employees retirement funding. The contributions have been expensed which amounted to R27 037 764 (2017: R 24 543 258).

Councillors who are elected are members of different pension schemes. The contributions have been expensed which amounted to R 1 475 921 (2017: R1 280 347).

Contributions to medical aid funds

Contributions to medical aid funds for employees	15,622,316	14,461,346
Contributions to medical aid funds for councillors	181,511	143,102
Contributions to medical aid funds for pensioners	5,795,138	5,454,156
	21,598,965	20,058,604

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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19. Employee benefit obligation (continued)

Cape Joint Retirement and Pension Fund for Local Government

This multi-employer fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 9% of basic salary, whilst the respective Local Authorities are contributing 18%.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

The last statutory valuation performed as at 30 June 2016 revealed that the funding level of the share account was 100.5 % and the pension account was 118%. At the valuation date the municipality had 655 members (Fund: 41 283 members) and nil pensioners (Fund: 655 pensioners) belonging to the fund.

20. Provisions: Landfill Site

Reconciliation of provisions - 2018

	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	78,930,239	(2,185,111)	-	4,727,921	81,473,049
Closure site	986,994	-	232,984	-	1,219,978
	79,917,233	(2,185,111)	232,984	4,727,921	82,693,027

Reconciliation of provisions - 2017

	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	73,053,172	909,451	-	4,967,616	78,930,239
Closure site	918,762	-	68,232	-	986,994
	73,971,934	909,451	68,232	4,967,616	79,917,233

Non-current liabilities	81,473,049	78,930,239
Current liabilities	1,219,978	986,994
	82,693,027	79,917,233

The provision for landfill site for De Doorns was done for a 9.5 year period, the Worcester site for a period of 1.16 years. Touwsriver is a closure site and is expected to be closed in the following 5 year period. No expenses have been incurred to date and the only movement is the contribution for the year. An assessment was done by JPCE (Pty) Ltd (Specialist Waste Management Consultants), an independent expert.

The unwinding of the provision for landfill site for the current year was R 4 727 921 (2017: R 4 967 615) was included in the rehabilitation figure in the statement of financial performance as well as the Touwsriver closure cost of R 232 984 (2017: R 68 232).

21. Service charges

Electricity	351,968,822	361,825,338
Water	56,198,387	55,891,279
Sewerage and sanitation	65,381,487	58,198,143
Refuse removal	34,887,210	32,324,287
	508,435,906	508,239,047

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
22. Sales of Goods and Rendering of Services		
Advertisements	445	70,092
Building Plan Approval	1,026,294	1,066,874
Camping Fees	338,913	-
Cemetery and Burial	968,029	868,985
Clearance Certificates	118,596	108,614
Entrance Fees	1,123,568	1,083,745
Fire Services	251,541	350,729
Photocopies and Faxes	72,283	78,003
Removal of Restrictions	15,629	144,434
Prints	22,554	28,558
Tender Documents	147,666	137,511
Sub-division and Consolidation Fees	55,713	27,719
Recycling of Waste	12,789	13,481
Valuation Services	71,173	64,012
	4,225,193	4,042,757
23. Rental income		
Operating lease rentals		
Housing Rental	4,482,487	4,295,415
Other rental revenue	3,802,192	5,464,265
	8,284,679	9,759,680
24. Operational revenue		
Incidental Cash surpluses	2,595	2,748
Discounts and early settlements	-	266,876
Commission	220,494	211,616
Breakages and losses recovered	15,442	25,053
Administrative handling fees	3,478,631	2,133,000
Insurance refund	191,838	440,699
Merchandising jobbing and contracts	38,811	213,838
Municipal information and statistics	5,280	3,085
Sale of property	-	123,955
Staff Recoveries	68,039	48,479
Inspection Fees	-	65,683
	4,021,130	3,535,032
25. Finance income		
Interest revenue		
Bank	16,555,890	17,172,846
Outstanding debtors	4,631,728	4,251,078
	21,187,618	21,423,924

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
26. Property rates		
Rates received		
Residential	59,634,999	57,468,547
Commercial	31,410,608	31,083,963
State	12,852,690	11,887,797
Small holdings and farms	12,224,582	11,327,788
Other	1,045,246	(11,152)
Industrial	7,838,207	7,428,584
	125,006,332	119,185,527
Valuations		
	'000	'000
Land	6,015,586	6,494,936
Improvements	18,038,844	17,347,384
	24,054,430	23,842,320

The valuations for land and improvements include De Doorns, Rawsonville, Touwsriver, Worcester and rural areas.

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2016. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being Saturday, 30 September 2017 (). Interest at prime plus one per annum and a collection fee, is levied on rates outstanding two months after due date. Monthly levies are allowed on application. A differentiated rebate up to 100% is granted to owners under certain circumstances. The basic rates for the above mentioned areas were charged for land and improvements at 0.7809 c/R (2017:0.7360 c/R) and for industrial and commercial sites at 1.5618 c/R (2017: 1.4720c/R).

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
27. Government grants and subsidies		
Operating grants		
Equitable share	98,097,000	88,524,000
Financial management grant	1,550,000	1,475,000
Housing projects	13,986,549	13,125,244
Other grants and donations	2,093,000	1,291,000
Provincial government	14,476,596	11,321,777
	130,203,145	115,737,021
Capital grants		
Capital Grants	131,654,445	58,172,673
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Balance unspent at beginning of year	-	-
Current-year receipts	98,097,000	88,524,000
Conditions met - transferred to revenue	(98,097,000)	-
	-	88,524,000
Financial Management Grant		
Current-year receipts	1,550,000	1,475,000
Conditions met - transferred to revenue	(1,550,000)	(1,475,000)
	-	-
EPWP		
Current-year receipts	2,093,000	1,291,000
Conditions met - transferred to revenue	(2,093,000)	(1,291,000)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
Housing projects		
Balance unspent at beginning of year	14,031,265	14,455,583
Current-year receipts	16,279,545	14,181,656
Conditions met - transferred to revenue	(13,986,549)	(13,125,244)
Other	(4,880,233)	(1,480,730)
	11,444,028	14,031,265
Conditions still to be met - remain liabilities (see note 17).		
LGWSETA Staff Development Grant		
Balance unspent at beginning of year	-	-
Current-year receipts	478,236	525,075

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
27. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(284,588)	(368,995)
Other	(97,821)	(253,901)
	95,827	(97,821)

Conditions still to be met - remain liabilities (see note 17).

Provincial government

Balance unspent at beginning of year	899,631	73,100
Current-year receipts	12,655,721	11,742,577
Conditions met - transferred to revenue	(13,392,009)	(10,952,782)
Other	(95,890)	36,736
	67,453	899,631

Conditions still to be met - remain liabilities (see note 17).

Provide explanations of conditions still to be met and other relevant information.

Cape Winelands

Balance unspent at beginning of year	300,000	-
Current-year receipts	500,000	300,000
Conditions met - transferred to revenue	(800,000)	-
	-	300,000

Conditions still to be met - remain liabilities (see note 17).

Capital Grants

Balance unspent at beginning of year	13,132,745	3,436,935
Current-year receipts	148,333,181	68,043,064
Conditions met - transferred to revenue	(131,654,445)	(58,172,673)
Other	4,880,234	(174,581)
	34,691,716	13,132,745

Conditions still to be met - remain liabilities (see note 17).

Services in kind

The municipality received services in kind under voluntary or non voluntary schemes which included free training, workshops, cleaning services and technical assistance from government departments and entities. These services have not been recognised as they were assessed not to be significant to the municipality's operations and/or basic service delivery objectives. The cost and fair value of these services in-kind could also not be measured reliably.

* See note 2

LM 30 Nov 2018

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
28. Fines, penalties and forfeits		
Damaged meters	324,502	639,400
Library	51,621	74,142
Traffic fines	110,486,243	90,083,783
Retentions	1,115,217	-
	111,977,583	90,797,325
29. Bulk purchases		
Electricity	261,541,414	270,785,878
Water	3,279,659	3,590,278
	264,821,073	274,376,156
30. Contracted services		
Consultants and professional services		
Accounting and Auditing	8,229,640	2,417,932
Audit Committee	103,332	214,315
Geodetic Control and Surveys	38,410	41,680
Human Resources	99,368	16,956
Issue of Summons	355,586	824,348
Legal Advice and Litigation	762,235	61,837
Medical Examinations	25,457	46,210
Valuer and Assessors	37,219	36,207
Laboratory Services	40,312	147,308
	9,691,559	3,806,793
Contractors		
Catering Services	256,130	138,220
Electrical services	5,548,451	14,761,690
Employee Wellness	254,330	300,280
Maintenance of Buildings and Facilities	13,450,182	14,430,823
Maintenance of Equipment	9,572,857	9,575,028
Maintenance of Unspecified Assets	21,884,758	26,841,272
Medical Services	38,254	42,540
Plants Flowers and Other Decorations	12,605	42,849
Sewerage Services	87,719	848,800
Transportation	180,193	49,638
Municipal services	-	1,510
	51,285,479	67,032,650
Outsourced Services		
Animal Care	100,000	-
Burial Services	709,269	719,052
Cleaning Services	15,840	98,730
Commissions and Committees	4,596	15,249
Drivers Licence Cards	773,726	576,542
Hygiene Services	199,807	236,444
Meter Management	515,500	532,934
Personnel and Labour	17,536,035	10,601,401
Refuse Removal	2,070,551	2,242,916

* See note 2

LM 30 Nov 2018

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
30. Contracted services (continued)		
Security Services	12,589,457	9,766,184
Translators Scribes and Editors	29,322	-
Valuer	517,923	418,723
Traffic Fines Management	1,958,544	-
	37,020,570	25,208,175
31. Depreciation and amortisation		
Property, Plant and Equipment	84,610,284	88,056,947
Amortisation: Intangible assets	439,112	499,263
Impairment	-	529,423
	85,049,396	89,085,633
32. Employee related costs		
Basic	152,026,660	140,436,893
Group life insurance	2,514,158	2,288,666
Bonus	11,715,294	10,998,335
Medical aid contributions	21,417,454	19,915,502
Unemployment Insurance Fund	1,605,131	1,400,799
Service Related Benefits	23,989,407	21,740,308
Travel and car allowances	7,521,227	6,554,304
Overtime payments	16,777,242	15,505,975
Acting allowances	1,174,755	2,161,660
Housing benefits and allowances	1,533,555	2,658,600
Protective clothing	1,280,785	1,821,262
Other Allowances	7,960,694	6,670,545
Contribution to employee benefits	27,148,395	24,551,779
	276,664,757	256,704,628
Municipal Manager: D Mc Thomas		
Annual Remuneration	1,454,194	798,240
Car Allowance	95,000	55,417
Performance Bonuses	124,277	-
Contributions to UIF, Medical and Pension Funds	48,236	26,977
Group life insurance	16,244	8,189
	1,737,951	888,823
Mr. McThomas was officially appointed as Municipal Manager on 1 December 2016.		
Financial Officer: R Ontong		
Annual Remuneration	911,731	137,495
Car Allowance	236,514	16,903
Performance Bonuses	29,028	-
Contributions to UIF, Medical and Pension Funds	180,928	26,743
Group life insurance	15,317	2,194
	1,373,517	183,065
Mr. Ontong was officially appointed as Chief Financial Officer on 1 May 2017.		

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
32. Employee related costs (continued)		
Director - Technical Services: J Steyn		
Annual Remuneration	1,209,752	91,355
Car Allowance	120,000	-
Performance Bonuses	14,514	-
Contributions to UIF, Medical and Pension Funds	2,125	177
	1,346,391	91,532
Mr. Steyn was permanently appointed as Director of Technical Services on 1 May 2017.		
Director - Strategic Support Service: R Esau		
Annual Remuneration	928,183	730,000
Car Allowance	168,000	140,000
Performance Bonuses	114,037	-
Contributions to UIF, Medical and Pension Funds	223,379	168,271
Group life Insurance	15,250	12,264
	1,448,849	1,050,535
Director - Community Service: J Marthinus		
Annual Remuneration	1,034,819	795,733
Car Allowance	120,037	100,031
Cellphone Allowance	-	24,000
Contributions to UIF, Medical and Pension Funds	233,574	183,500
Group life insurance	-	13,368
	1,388,430	1,116,632
33. Service related benefits		
Performance bonuses	753,012	392,140
Post retirement medical aid benefits	(766,000)	687,000
Long services awards	3,021,413	2,027,229
Provision for leave payments	3,946,280	2,415,433
Provision for 13th cheques	405,253	540,891
Actuarial gain / (loss)	16,629,449	15,677,615
	23,989,407	21,740,308
34. Finance costs		
External borrowings	26,038,600	27,937,685
35. Grants and subsidies paid		
Grants in aid	12,806,720	23,729,769

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
36. Debt impairment		
Impairments		
Receivables from exchange transactions	27,480,552	24,973,174
Receivables from non-exchange transactions	84,764,327	63,521,527
	112,244,879	88,494,701
37. Operational cost		
Achievements and Awards	86,521	-
Advertising, Publicity and Marketing	1,745,630	1,728,745
Assets less than the Capitalisation Threshold	-	11,242
Drivers Licences and Permits	15,543	449,753
Bank Charges	1,377,345	1,505,081
Bargaining Council	99,510	360,743
Bursaries (Non-employees)	393,733	201,288
Cleaning services	134,590	120,973
Commission	5,091,959	5,280,202
Communication - Postage/Stamps	3,388,782	3,478,463
Communication - Telephone and fax	1,095	450
Courier and Delivery Services	1,000,848	935,624
Entertainment	862,229	597,701
External Audit Fees	3,935,478	3,230,060
External Computer Service	4,244,140	5,425,257
Resettlement Cost	-	58,647
Full Time Union Representative	169,519	131,251
Hire Charges	4,197,420	4,018,555
Insurance (Premiums)	2,771,147	2,247,071
Insurance (excess payments)	1,017,120	1,291,487
Learnerships and Internships	951,354	1,515,380
Licences (Radio and Television)	35,568	83,937
Motor Vehicle Licence and Registrations	588,530	681,849
Municipal Activities	1,003,941	1,123,839
Municipal Services	1,700,657	1,742,830
Printing Publications and Books	76,485	25,070
Professional Bodies Membership and Subscription	5,976,222	2,839,554
Provisions for rehabilitation of landfill sites	4,960,906	5,035,848
Registration fees	1,039,090	1,673,581
Remuneration to Ward Committees	410,400	268,376
Ward Committee Activities	2,016,496	-
Rewards Incentives	103,868	63,145
Skills Development Fund Levy	2,757,964	2,507,488
Staff Recruitment	256,185	345,087
Travel and Subsistence	1,389,896	1,257,456
Water Resource Management Charges	3,317,435	1,461,602
Workmen's Compensation Fund	1,388,562	1,263,126
Bursaries (Employees)	4,865	-
	58,511,033	52,960,761

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
38. Remuneration of councillors		
Executive mayor	749,055	705,494
Deputy Executive Mayor	602,204	570,415
Chief whip	528,513	506,623
Speaker	597,682	571,796
Mayoral committee members	4,131,864	4,278,215
Councillors	8,624,090	7,559,168
Councillors pension contribution	1,475,921	1,280,347
Councillors medical aid contribution	181,511	143,102
	16,890,840	15,615,160

Remuneration of Councillors:

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

Executive Mayor	Salary	Allowances	Pension fund and Medical Aid	Total
A Steyn	608,794	140,261	121,759	870,814
Deputy Executive Mayor				
JD Levendal	516,626	85,577	103,325	705,528
Speaker				
NP Mecuur	539,235	58,447	107,847	705,529
Chief Whip				
Goedeman	444,596	83,918	135,698	664,212
Mayco Members				
R Farao	486,596	80,296	97,319	664,211
JP Kritzingier	510,596	51,496	102,119	664,211
SJ Mei	526,544	80,896	56,771	664,211
WR Meiring	508,598	53,894	101,720	664,212
M Sampson	450,596	106,216	107,399	664,211
EY Sheldon	492,596	55,816	115,799	664,211
G Stalmeester	133,590	22,443	10,019	166,052
JF Van Zyl	462,596	109,096	92,519	664,211
	3,571,712	560,153	683,665	4,815,530
Councillors				
MN Bushwana	201,076	89,772	15,081	305,929
EN Isaacs	243,283	44,400	18,246	305,929
C Ismail	216,157	89,772	-	305,929
N Ismail	261,529	44,400	-	305,929
JR Jack	243,283	44,400	18,246	305,929
J Jafta	243,283	44,400	18,246	305,929
P Langata	243,283	44,400	18,246	305,929
ZM Mangi	243,283	44,400	18,246	305,929
T Maridi	243,283	44,400	18,246	305,929
P Maran	216,157	89,772	-	305,929
ESC Matjan	180,131	89,772	36,026	305,929

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

			2018	2017 Restated*
38. Remuneration of councillors (continued)				
SM Mkhwane	243,283	44,400	18,246	305,929
VI Mngcele	243,283	44,400	18,246	305,929
CM Mohobo	243,283	44,400	18,243	305,926
N Nel	327,339	44,400	8,291	380,030
A Pietersen	243,283	44,400	18,246	305,929
PC Ramokhabi	233,803	44,400	27,726	305,929
J Robinson	243,283	44,400	18,246	305,929
G Staalmeester	83,782	37,405	6,284	127,471
IL Tshabile	243,283	44,400	18,246	305,929
P Tyira	216,157	89,772	-	305,929
K Van der Horst	243,283	44,400	18,246	305,929
E van der Westhuizen	225,965	53,394	26,570	305,929
W Vrolik	243,283	44,400	18,246	305,929
J Von Willingh	223,598	65,561	16,770	305,929
TM Wehr	216,157	89,772	-	305,929
NP Williams	243,283	44,400	18,246	305,929
MT Williams	206,299	44,400	55,230	305,929
CF Wiskut	243,283	44,400	17,875	305,558
NJ Wullschleger	243,283	44,400	18,246	305,929
MR Jacobs (Solomons)	44,602	8,140	3,345	56,087
	6,988,563	1,635,532	505,131	9,129,226
39. Fair value adjustments				
Fair value adjustment on investment property			767,500	392,500
Other financial assets				
• Discounting of long term receivables: Movement for the year			1,646,259	267,754
			2,413,759	660,254
40. Cash generated from operations				
Surplus			102,424,353	8,117,101
Adjustments for:				
Depreciation, amortisation and impairment			85,049,396	89,085,633
Loss on sale of assets and liabilities			95,087	1,900,002
Loss of water and library materials			-	277,838
Fair value adjustments			(2,413,759)	(736,880)
Operating lease straight lining			(457,993)	(99,017)
Finance income			(363,089)	(550,102)
Finance costs			-	(376,438)
Debt impairment			112,244,879	88,494,701
Actuarial gain/loss			(16,629,449)	(15,677,615)
Movements in retirement benefit assets and liabilities			29,784,545	21,740,307
Rehabilitation			4,960,905	5,035,848
Donated assets			(1,999,827)	-
Other non-cash items			1,226,167	590,902
Changes in working capital:				
Inventories			(10,733,691)	7,121,092
Other receivables from exchange transactions			(24,528,163)	2,117,044
Receivables from exchange transactions			-	(28,562,918)
Receivables from non-exchange transactions			(94,310,605)	(67,644,203)
Finance cost			-	-

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
40. Cash generated from operations (continued)		
Other receivables from non-exchange	(19,520,902)	-
Payables from exchange transactions	15,745,845	26,175,793
VAT receivable	(10,427,210)	(3,066,605)
Unspent conditional grants and receipts	19,108,664	8,623,366
Employee benefit obligation	(9,158,381)	(3,262,821)
	180,096,772	139,303,028
41. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	60,657,384	21,588,165
	60,657,384	21,588,165
Total capital commitments	60,657,384	21,588,165
All capital commitments exclude VAT		
This committed expenditure relates to infrastructure and will be financed through external loans, reserves and grants.		
This Expenditure will be financed from:		
External loans	1,641,611	4,288,911
Government grant	57,334,597	10,927,255
Capital replacement reserve	1,681,176	6,371,999
	60,657,384	21,588,165
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	-	1,343,036
- in second to fifth year inclusive	-	1,139,464
- later than five years	-	-
	-	2,482,500
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	1,186	52,404
- in second to fifth year inclusive	93,068	145,473
- later than five years	199,970	199,970
	294,224	397,847

Certain of the municipality's property are held to generate rental income. The escalation clauses for the lease income varies between 5% to 10%. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease. The straight lining of leases resulted in decreased current year income of R65 932 (2017: Increase R 22 420).

42. Contingencies

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
42. Contingencies (continued)		
Guarantees		
Guarantee Eskom (ABSA)	63,400	63,400
Guarantee South-Africa Post Office Limited (ABSA)	120,000	120,000
	183,400	183,400
Legal Matters		
Worcester Land Trust/BVM Case No.3168/ 6 - Contractual contribution claimed against the municipality	31,037,841	31,037,841
Worksmens Compensation Act- Current investigation about a dispute regarding an outstanding amount due by Council	1,646,110	1,646,110
Public - Liability Insurance claims based on quotations and could result in a lesser amount or more, It is the view of management that it is unlikely that these claims will be paid out but might realise due to past experience.	5,045,113	7,345,222
Royal Mushrooms - Claim in respect of plantation.	-	255,042
Claims for damages - It is view of management that it is unlikely that these claims will be paid out but might realise due to past experience.	91,154	88,675
ASLA - Claim in respect of housing projects.	1,100,000	1,100,000
Global Force- Biztorm 51t/a	-	71,871
Kleinplasia Rental - Izak Joubert	831,968	831,968
	39,752,186	42,376,729
43. Related parties		
Awards and payments to persons with relatives in the service of Breede Valley Municipality :		
1.C P Jansen Taxi's - Colin Jansen (Brother of Reginald Jansen - Employee Number 3322) Reginald Jansen is a Plans Examiner - Planning & Development, Building Control at Breede Valley Municipality	-	6,200
2. Enkosi Construction - Tonie Winnaar (Spouse/Husband of Juliette Winnaar) Juliette Winnaar is an EPWP worker- Sewerage at the Breede Valley Municipality	-	50,730
3. DJ X-Zito - Xolile Vas (Spouse/Husband of Nonthando Vas-Employee Number 11028) Nonthando Vas is an Typist/Clerk - Human Resources Department within the Strategic Support Services Directorate of the Breede Valley Municipality	13,090	73,400
4. Lee-Handro Enterprises - Sheryl Manuel (Spouse/Wife of William Manuel-Employee Number 3431) William Manuel is a General worker - Public Works, Buildings & Structure at the Breede Valley Municipality	38,500	60,830
5. NE Mayeki Taxi's - Nombulelo Mayeki (Parent/Mother of G Simpiwe Mayeki-Employee Number 11042) Simpiwe Mayeki is the Manager-Human Settlements - Community Services at the Breede Valley Municipality	2,250	4,760
6. T H Traders - Trevor Human (Brother of Deon Human-Employee Number 3538) // (Spouse/Husband of Ashlin Human) Deon Human is a Storeman - Public Works & Parks at the Breede Valley Municipality Ashlin Human is an Accountant - Witzenberg Municipality	48,200	50,380
7. T.S Bushwana Taxis - Thamsanqa Bushwana (Father of Letitia Bushwana) Letitia Bushwana is a Clerk at the credit control section within the Breede Valley Municipality	27,300	4,400
8. Golimas Pty Ltd- Goliath Jacobs (Parent/Father of Brumilda Jacobs -Employee Number 2266) Brumilda Jacobs is a Intern - Internal Audit (Office of the Municipal Manager) at the Breede Valley Municipality	85,575	-
9. Touwsrivier Civil Construction - Ernest Lottering (brother of Ivan Lottering)Ivan Lottering is employed as a General Worker at cemeteries within the Breede Valley Municipality	91,558	-

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
43. Related parties (continued)		
	306,473	250,700
Awards and payments to persons with relatives in the service of other Municipalities:		
10. Fonk & Sons Transport Pty Ltd - Ndudumo Elliot Fonk (Father of N.P.Memani) N.P.Memani is employed at Bitou Municipality	-	8,500
11.Kemanzi (Pty) Ltd - Hazel Du Toit (Wife of Jeremy Du Toit) Jeremy Du Toit is employed by the City of Cape Town as a Traffic Inspector	409,020	875,749
12.Vuyani Electrical Supplies cc - Julia Aghulas (mother of Marvin Aghulas) Marvin Aghulas is employed by the City of Cape Town as an Electrician	156,484	242,452
13.Excellence Bodyworks - Ndudumo Elliot Fonk (Father of N.P.Memani) N.P.Memani is employed at Bitou Municipality	7,080	-
	572,584	1,126,701
Awards and payments to persons with relatives in other State Departments		
14.KN Klaas - Nonzwakazi Getrude Klaas (Sister of E.Y.Belu). E.Y.Belu a Principal in the Western Cape Education Department	-	13,250
15. MIW Ntsomi Taxis (Brother of Charles Ntsomi). Charles Ntsomi is the Educator in the Western Cape Education Department	-	17,200
16.Powerrec (Pty) Ltd - Vuyokazi Machimana (daughter of Vuyokazi Skosana). Vuyokazi Skosana is employed as a nurse in the Gauteng Department of Health	-	436,703
17.M.M Du Toit (Spouses/Wife of W.J Du Toit). W.J Du Toit is an employee in the service of Transnet	-	3,600
18.Conradie Incorporated - Andries Francois Conradie(husbandof Tara Conradie). Tara Conradie is an employee in the Western Cape Education Department.	463,153	43,568
19.Ikapa Reticulation and Flow - Randall Davids (Husband of Sophia Davids). Sophia Davids is an employee in the Western Cape Education Department	601,065	676,887
20.SUCCIDO Enterprises (Pty) Ltd - Iram Kram (Wife of Lesley Kram) Lesley Kram is an employee at Transnet.	125,856	62,596
21.CS Traffic Engineering and Consulting Services - Charles Schroeder (Brother of John Schroeder) John Schroeder is an Officer at Parliament	179,906	-
22.Mvambane Tradings CC - Anna Nomvula Mooi (Parent/Mother of Luyanda Mooi) Luyanda Mooi is the Correctional Officer in the Department of Correctional Services	23,500	-
23.Faibridges Wertheim Becker - Adela Petersen (Sister to Shaheed Hoofmeester) Shaheed Hoofmeester is employed by the Department of Education	214,577	-
24.Alpha Civil - F.James (Husband of Priscilla James) F.James is a principal at WCED: Eden Training Centre	280,293	-
	1,888,350	1,253,804

The total related party payments for the year amounts to R2 767 407 (2017: R2 631 205)

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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43. Related parties (continued)

44. Unauthorised and fruitless and wasteful expenditure

No fruitless and wasteful expenditure was incurred during the financial year ended 30 June 2018.

45. Unauthorised expenditure

No unauthorised expenditure was incurred during the financial year ended 30 June 2018.

46. Irregular expenditure

The Irregular Expenditure of R54 825 was written off by council during a council meeting held on 6 December 2017.

Opening balance	54,825	2,389,918
Add: Irregular Expenditure - current year	-	54,825
Less: Amounts written off by council	(54,825)	(2,389,918)
	<u>-</u>	<u>54,825</u>

Analysis of expenditure awaiting condonation per age classification

Current year	<u>-</u>	<u>54,825</u>
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47. Deviation from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them in the next council meeting and includes a note to the annual financial statements.

During the financial year under review goods/services totalling R15 655 344 (2017: R28 937 916) were procured and the process followed in procuring those goods/services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Accounting Officer that considered them and subsequently approved the deviation from the normal supply chain management regulations. The reasons were categorised as sole suppliers, emergency, exceptional and impractical cases as well as special work of art.

A detailed list of deviations is disclosed in Appendix J and available on the municipality's website.

48. Material losses

Water distribution losses

Units supplied	12,569,124	12,993,400
Units sold	(10,802,841)	(10,705,472)
	<u>1,766,283</u>	<u>2,287,928</u>

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

48. Material losses (continued)

Electricity distribution losses

Units bought	300,068,505	317,011,404
Units sold	(280,162,315)	(297,326,394)
	19,906,190	19,685,010

Percentage loss in distribution

Water distribution losses	14,05	17,61%
Electricity distribution losses	6,63%	6%

49. Change in estimate

Property, Plant and Equipment

Property, plant and equipment: A review of useful lives was done on assets. During the review, certain infrastructure, buildings, motor vehicles and other property plant and equipment with R nil book values and nil remaining lives were identified. The municipality's management considered how to account for the change in the estimated useful lives. The effect of a change in accounting estimate is required to be recognised prospectively by including it in surplus or deficit in the period of the change, if the change affects that period only; or the period of the change in future periods, if the change affects both. Management concluded that it should apply the change in estimate prospectively from the start of 2018 and therefore the depreciation charge was applied prospectively from 1 July 2017 over the remaining useful life of these assets.

	2017 R	2018 R	2019 R
Decrease/(Increase) in depreciation on other assets for the year	730,416	580,631	128,327
Decrease/(Increase) in depreciation on infrastructure for the year	1,080,145	(203,723)	(209,423)
Decrease/(Increase) in depreciation on building for the year	267,113	267,113	263,003
	2,077,674	644,021	181,907

The effect on the current year is to increase the carrying amount of property, plant and equipment by R2 077 674 and decrease the depreciation expense by R2 077 674.

50. Prior Period Errors

Below is a summary of the total effect of prior period errors and reclassifications of comparative figures as previously disclosed in the annual financial statements, followed by a descriptions of each individual prior period error and reclassification with the amounts involved.

Statement of financial performance Revenue	Balance as previously reported	Prior period error	Reclassified	Total
Service Charges	496,579,904	-	11,659,141	508,239,045
Sales of goods and rendering of services	-	-	4,042,757	4,042,757
Income from agency services	6,901,991	-	-	6,901,991
Licenses	3,176,103	-	11,668	3,187,771
Rental income	14,387,630	-	(4,627,949)	9,759,681
Operational revenue	-	-	3,535,032	3,535,032
Other Income	15,366,488	-	(15,366,488)	-
Finance Income	21,423,924	-	-	21,423,924
Property rates	119,185,527	-	-	119,185,527
Property rates - penalties imposed and collection	1,385,656	-	-	1,385,656
Government grants and subsidies	173,909,694	-	-	173,909,694
Fines, penalties and forfeits	75,462,684	15,334,640	-	90,797,324
	927,779,601	15,334,640	(745,839)	942,368,402

Expenses

Total

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

Employee related cost	(249,897,162)	-	(6,807,466)	(256,704,628)
Remuneration of councilors	(15,615,160)	-	-	(15,615,160)
Debt impairment	(75,076,891)	(13,417,810)	-	(88,494,701)
Depreciation, amortisation and impairment	(89,085,633)	-	-	(89,085,633)
Rehabilitation	(5,035,848)	-	5,035,848	-
Bulk purchases	(274,376,156)	-	-	(274,376,156)
Finance cost	(27,803,683)	-	(134,002)	(27,937,685)
Collection cost	(49,638)	-	49,638	-
Repairs and maintenance	(64,327,751)	-	64,327,751	-
Contracted services	(11,012,829)	-	(85,034,790)	(96,047,619)
Grants and subsidies paid	(310,000)	-	(23,419,769)	(23,729,769)
Contribution to employee benefits	(21,740,308)	-	21,740,308	-
Inventory consumed	-	-	(10,827,725)	(10,827,725)
General expenses	(99,845,934)	-	99,845,934	-
Operating leases	-	-	(10,791,857)	(10,791,857)
Operational cost	-	-	(52,960,761)	(52,960,761)
	(934,176,993)	(13,417,810)	1,023,109	(946,571,694)

				Total
Operating (deficit)/surplus	(6,397,392)	1,916,830	277,270	(4,203,292)
Actuarial gains/(losses)	15,677,615	-	-	15,677,615
Fair value adjustments	736,880	-	(76,626)	660,254
Loss on disposal of assets	(1,900,002)	-	-	(1,900,002)
Inventory losses	-	-	(200,644)	(200,644)
	8,117,101	1,916,830	-	10,033,931

Statement of financial position Current assets	Balance as previously reported	Prior period error	Reclassified	Total
Inventory	11,431,752	-	-	11,431,752
Vat receivable	3,280,811	-	-	3,280,811
Receivables from exchange transactions	81,239,254	-	-	81,239,254
Receivables from non exchange transactions	30,138,581	4,021,113	-	34,159,694
Other receivables from non exchange transactions	6,753,707	-	-	6,753,707
Short term investments	90,000,000	-	-	90,000,000
Long term receivables	1,549,212	-	-	1,549,212
Cash and Cash Equivalents	92,578,150	-	-	92,578,150
	316,971,467	4,021,113	-	320,992,580

Non-current assets				Total
Investment property	21,018,000	-	-	21,018,000
Property, plant and equipment	1,907,021,093	-	-	1,907,021,093
Intangible assets	5,094,081	-	-	5,094,081
Heritage assets	36,631,059	-	-	36,631,059
Long term receivables	5,405,709	-	-	5,405,709
	1,975,169,942	-	-	1,975,169,942

Current liabilities				Total
Payables from exchange transactions	93,643,838	-	-	93,643,838
Consumer deposits	3,680,515	-	-	3,680,515
Unspent conditional grants and receipts	28,363,641	-	-	28,363,641
Long term liabilities	17,199,997	-	-	17,199,997
Employee benefit obligation	29,739,058	-	-	29,739,058
Provisions	986,994	-	-	986,994
	173,614,043	-	-	173,614,043

* See note 2

BREEDE VALLEY MUNICIPALITY

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Non-current liabilities				Total
Long term receivables	223,718,063	-	-	223,718,063
Employee benefit obligation	150,746,276	-	-	150,746,276
Provision	78,930,239	-	-	78,930,239
	453,394,578	-	-	453,394,578

Nett Assets				Total
Accumulated surplus	1,665,132,788	4,021,113	-	1,669,153,901

During the current financial year traffic infringement fines issued by the Provincial Traffic Department within the jurisdiction of Breede Valley Municipality were incorrectly accounted for in prior years. This error was subsequently corrected. The effect of the correction on the nett asset is as follow:

Nett Asset Restatement	Previously Reported	Prior Period Error	Reclassified	Total
Accumulated surplus previously reported	1,656,424,783	-	-	1,656,424,783
Provincial traffic fines recognised 2015/16	-	14,921,110	-	14,921,110
Debt impairment on provincial traffic fines recognised 2015/16	-	(12,816,827)	-	(12,816,827)
	1,656,424,783	2,104,283	-	1,658,529,066

	Previously Reported	Prior Period Error	Reclassified	Restated Balance
Restated Balance 1 July 2016	1,658,529,066	-	-	1,658,529,066
Provincial traffic fines recognised 2016/17	-	15,334,640	-	15,334,640
Debt impairment on provincial traffic fines recognised 2016/17	-	(13,417,810)	-	(13,417,810)
Net income directly recognised	590,902	-	-	590,902
Surplus previously reported	8,117,103	-	-	8,117,103
	1,667,237,071	1,916,830	-	1,669,153,901

	Previously Reported	Prior Period Error	Reclassified	Total
Restated balance 1 July 2017	1,669,153,901	-	-	1,669,153,901
Net income directly recognised	1,226,169	-	-	1,226,169
Surplus for the year	102,424,353	-	-	102,424,353
	1,772,804,423	-	-	1,772,804,423

Due to the changes as reflected above in the Statement of Financial Performance and Statement of Financial Position, this resulted in the cashflow statement also to be restated. Please refer to details of each reclassification below for the nature and impact of the reclassification.

Cash Flow Statement	Balance as previously reported	Prior period error	Reclassified	Total
Cash flows from operating activities: Receipts	-	-	-	1
Cash flows from services and rate payers	649,298,013	-	745,838	650,043,852
Cash flows from government and other grants	182,533,060	-	-	182,533,060
Finance income: investing activities	20,873,821	-	-	20,873,821
	852,704,894	-	745,838	853,450,734

Payments				Total
Cash paid to employees	(268,775,143)	-	(14,315,836)	(283,090,979)
Cash paid to suppliers	(416,136,605)	-	(9,983,771)	(426,120,376)

* See note 2

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

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Finance costs	(28,180,121)	-	134,002	(28,046,119)
Grants paid	(310,000)	-	23,419,769	23,109,769
	(713,401,869)	-	(745,836)	(714,147,705)
Cash flows from investing activities				Total
Purchase of property, plant and equipment	(101,512,862)	-	397,902	(101,114,960)
Proceeds from sale of property, plant and equipment	397,904	-	(397,904)	-
Purchase of other intangible assets	(197,970)	-	-	(197,970)
Long term receivables	158,753	-	-	158,753
Increase/ decrease in investment	(10,000,000)	-	-	(10,000,000)
	(111,154,175)	-	(2)	(111,154,177)
Cash flows from financing activities				Total
Repayment of long term liabilities	22,628,116	-	-	22,628,116
Movement in consumer deposits	365,584	-	-	365,584
	22,993,700	-	-	22,993,700
				Total
Net increase/(decrease) in cash and cash equivalents	5,155,151	-	-	5,155,151
Cash and cash equivalents at the beginning of the year	87,422,999	-	-	87,422,999
	92,578,150	-	-	92,578,150

Revenue previously classified as Other income to the amount of R 4,703,679 are reclassified to be disclosed as Service Charges

Revenue previously classified as Service charge to the amount of R6,955,464 are reclassified to be disclosed as Rental income.

Revenue previously classified as Other income to the amount of R4,050,750 are reclassified to be disclosed as Sales of goods and services.

Expenditure previously classified as General expense to the amount of R7,994 are reclassified to be disclosed as Sales of goods and service

Revenue previously classified as Other income to the amount of R11,668 are reclassified to be disclosed as Licences and permits.

Revenue previously classified as Other income to the amount of R2,327,514 are reclassified to be disclosed as Rental revenue.

Revenue previously classified as Other income to the amount of R3,535,032 are reclassified to be disclosed as Operational revenue.

Revenue previously classified as Other income to the amount of R727,635 are reclassified to be disclosed as Contracted services.

Revenue previously classified as Other income to the amount of R10,210 are reclassified to be disclosed as operational cost.

Expenditure previously classified as Collection cost to the amount of R49,638 are reclassified to be disclosed as Contracted services

Expenditure previously classified as General expense to the amount of R11,067,719 are reclassified to be disclosed as Contracted services.

* See note 2

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Expenditure previously classified as Repairs and maintenance to the amount of R64,028,416 are reclassified to be disclosed as Contracted services.

Expenditure previously classified as Contribution to employee benefits to the amount of R21,740,308 are reclassified to be disclosed as Employee related cost.

Expenditure previously classified as Employee related cost to the amount of R4,316,192 are reclassified to be disclosed as Operational cost.

Expenditure previously classified as General expense to the amount of R134,003 are reclassified to be disclosed as Finance cost.

Expenditure previously classified as General expense to the amount of R10,731,823 are reclassified to be disclosed as Inventory consumed.

Expenditure previously classified as General expense to the amount of R23,419,769 are reclassified to be disclosed as Grants and subsidies.

Expenditure previously classified as General expense to the amount of R10,791,857 are reclassified to be disclosed as Operating leases.

Expenditure previously classified as General expense to the amount of R43,415,495 are reclassified to be disclosed as Operational cost.

Expenditure previously classified as General expense to the amount of R277,269 are reclassified to be disclosed as Inventory loss.

Expenditure previously classified as Repairs and maintenance to the amount of R95,902 are reclassified to be disclosed as Inventory Consumed.

Expenditure previously classified as Rehabilitation to the amount of R5,035,848 are reclassified to be disclosed as Operating Cost.

Expenditure previously classified as Repairs and maintenance to the amount of R203,434 are reclassified to be disclosed as Operating Cost.

Expenditure previously classified as FV adjustment to the amount of R76,626 are reclassified to be disclosed as inventory losses.

51. Financial instruments disclosure

Categories of financial instruments

2018

Financial assets

	At amortised cost	Total
Cash and cash equivalents	105,450,739	105,450,739
Receivables from exchange transactions	78,289,157	78,289,157
Receivables from non-exchange transactions	612,313	612,313
Other receivables from non-exchange transactions	5,520,158	5,520,158
Long term receivables	4,864,268	4,864,268
Short term investments	45,000,000	45,000,000
	239,736,635	239,736,635

Financial liabilities

* See note 2

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51. Financial instruments disclosure (continued)

	At amortised cost	Total
Long term liabilities	223,718,063	223,718,063
Consumer deposits	3,912,159	3,912,159
Payables from exchange transactions	101,604,795	101,604,795
Unspent conditional grants	61,692,338	61,692,338
	390,927,355	390,927,355

Statutory receivables

	At amortised cost	Total
Rates	11,888,445	11,888,445
Fines	31,205,215	31,205,215
	43,093,660	43,093,660

2017

Financial assets

	At amortised cost	Total
Cash and cash equivalents	92,578,150	92,578,150
Receivables from exchange transactions	81,239,254	81,239,254
Receivables from non-exchange transactions	666,357	666,357
Other receivables from non-exchange transactions	2,905,197	2,905,197
Long term receivables	6,954,921	6,954,921
Short term investments	90,000,000	90,000,000
	274,343,879	274,343,879

Financial liabilities

	At amortised cost	Total
Long term liabilities	240,918,059	240,918,059
Consumer deposits	3,680,515	3,680,515
Payables from exchange transactions	86,166,138	86,166,138
Unspent conditional grants	28,363,641	28,363,641
	359,128,353	359,128,353

Statutory receivables

	At amortised cost	Total
Rates	11,485,473	11,485,473
Fines	22,007,864	22,007,864
	33,493,337	33,493,337

Financial instruments in Statement of financial performance

52. Risk management

Liquidity risk

* See note 2

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52. Risk management (continued)

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Prudent liquidity risk management implies maintaining sufficient cash and investments, the availability of funding for service delivery through effective budgeting and availability of credit facilities. The municipality manages its risks through effective and efficient budgeting and credit control. The liquidity risk is thus limited.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	101,604,795	-	-	-
Consumer deposits	3,912,159	-	-	-
Long term liabilities	9,427,059	10,409,904	39,278,191	164,602,909
Unspent conditional grants	47,472,305	-	-	-
	162,416,318	10,409,904	39,278,191	164,602,909

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	86,166,138	-	-	-
Consumer deposits	3,680,515	-	-	-
Long term liabilities	17,199,996	9,427,059	35,152,347	179,138,657
Unspent conditional grants	28,363,641	-	-	-
	135,410,290	9,427,059	35,152,347	179,138,657

Credit risk

Credit risk is managed by debt collection department. The credit risks, rates and consumer receivables, are managed in terms of the credit control and debt collection as well as the indigent relief policies.

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise a widespread customer base. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account past experience with the client's payment rate. Sales to customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Receivables from exchange transactions	78,289,157	81,239,254
Receivables from non-exchange transactions	612,313	666,357
Receivables from non-exchange transactions	5,520,158	2,905,197
Long term receivables	4,864,268	6,954,921
Short term investments	45,000,000	90,000,000
Cash and cash equivalents	105,450,739	92,578,150
	239,736,635	274,343,879

* See note 2

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52. Risk management (continued)

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

A potential interest rate risk may arise from the short term deposits, cash and cash equivalents, consumer receivables, other receivables and long term receivables.

The short term deposits and cash and cash equivalents has limited exposure as the municipality interacts with well-established financial institutions of high credit standing. The investments are further of a short term nature.

Consumer receivables comprise of receivables dispersed over a large geographical area. The receivables are constantly analysed and evaluated for their financial condition. Receivables are disclosed net of the allowance for impairment. Where the accounts of the receivables become in arrears, they are collected through the levying of a penalty, the charging of interest at prime or the handing over for collection.

Long term receivables comprise mainly of the deferred consumers which shown at a fair value. The remaining long term receivables if required are charged interest at a fixed rate. The long term receivables are evaluated annually for impairment.

The municipality's has a low interest rate risk as a long-term borrowing are made on fixed interest rates.

As the municipality has no long term variable rate financial instruments no sensitivity analysis is required at year end.

Price risk

The municipality is not exposed to price risk.

53. In-kind donations and assistance

In-kind donations, in the form of assets, to the value of R 1999 826 have been received by the Municipality during the 2017/18 financial year.

54. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

55. Events after the reporting date

Erf 4559 has been registered in the name of Breede Valley Municipality on 27 July 2018.

- nature of the event: The transfer of the building occurred after year end on 27 July 2018. The risk and rewards of the building only passed after year end and thus it was not capitalise before year end. This is not an adjusting event as conditions were met after year end.
- The Financial effect is R23 milion inclusive of VAT. (consideration transfered to purchase the building)

56. Additional disclosure in terms of Municipal Finance Management Act

Municipal bank accounts

Bank statement balances	30 June 2018	30 June 2017	30 June 2016
ABSA Bank - Worcester Branch Cheque Account	82,833,362	100,181,392	90,411,040
Nedbank - Worcester Branch Cheque Account	31,524,496	-	-
	114,357,858	100,181,392	90,411,040

* See note 2

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56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Cash book balances	30 June 2018 105,436,928	30 June 2017 92,546,325	30 June 2016 87,391,174
Membership fees: SALGA			
Current year subscription / fee		2,875,930	2,731,748
Amount paid - current year		(2,875,930)	(2,731,748)
		-	-
Audit fees			
Opening balance		-	-
Current year subscription / fee		3,935,478	3,230,060
Amount paid - current year		(3,935,478)	(3,230,060)
		-	-
PAYE and UIF			
Opening balance		3,013,844	2,614,087
Current year subscription / fee		38,086,308	33,794,356
Amount paid - current year		34,890,326	(30,780,513)
Amount paid - previous years		3,013,843	(2,614,086)
		3,195,983	3,013,844
Pension and medical aid deductions			
Opening balance		(213,485)	(226,787)
Current year subscription / fee		78,564,047	71,309,067
Amount paid - current year		78,767,120	(71,522,551)
Amount paid - previous years		213,485	226,786
		203,073	(213,485)
VAT			
VAT receivable		13,708,021	3,280,811

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

As at 30 June 2018 there were no Councillors with arrear consumer accounts outstanding for more than 90 days.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Council. The expenses incurred as listed hereunder have been condoned.

A detailed list of deviations is in Appendix K available and on the municipality's website.

* See note 2

EXTERNAL LOANS

Mun Ref.		Fin Inst. Ref.	Date Received	Amount Received	Date Redeemable	Transactions for the year to date: Balance as at 2017/06/30				Redeemed	Interest Paid	Less: Interest Accrued Previous Year	Add: Interest Accrued Current Year	Balance as at 2018/06/30	Carrying Value	Short term Portion	Long term Portion
EXTERNAL LOANS																	
ANNUITY & STOCK LOANS																	
3-9001-60725400																	
Loans redeemed																	
8					31/03/2014	0.00	17 199 996.45	26 373 865.52	(6 683 805.34)	6 353 539.39	223 718 063.10	359 748 181.85	9 427 058.95	214 291 004.15			
556			14/07/2005	21 736 259.25		0.00	0.00	0.00	0.00	0.00	0.00	1 434 197.47	0.00	0.00	0.00	0.00	0.00
557			14/11/2005	22 000 000.00		0.00	0.00	0.00	0.00	0.00	0.00	12 561 271.40	0.00	0.00	0.00	0.00	0.00
558					31/03/2009	0.00	0.00	0.00	0.00	0.00	0.00	49 231.53	0.00	0.00	0.00	0.00	0.00
559			26/06/1997	9 179 000.00		0.00	0.00	0.00	0.00	0.00	0.00	2 147 656.78	0.00	0.00	0.00	0.00	0.00
560			02/11/1999	3 000 000.00		0.00	0.00	0.00	0.00	0.00	0.00	411 985.15	0.00	0.00	0.00	0.00	0.00
561			25/07/1997	7 000 000.00		0.00	0.00	0.00	0.00	0.00	0.00	1 394 427.74	0.00	0.00	0.00	0.00	0.00
562					30/06/2009	0.00	0.00	0.00	0.00	0.00	0.00	5 556 383.79	0.00	0.00	0.00	0.00	0.00
2569			21/08/2006	25 000 000.00		0.00	0.00	0.00	0.00	0.00	0.00	14 916 862.59	0.00	0.00	0.00	0.00	0.00
2991			29/09/2006	50 000 000.00		0.00	0.00	0.00	0.00	0.00	0.00	32 453 039.39	0.00	0.00	0.00	0.00	0.00
2992			29/09/2006	5 000 000.00		0.00	0.00	0.00	0.00	0.00	0.00	1 421 591.88	0.00	0.00	0.00	0.00	0.00
5027			102831/1	31/03/2008	23 000 000.00	2 843 717.95	0.00	107 577.38	(35 449.08)	0.00	0.00	16 379 343.32	0.00	0.00	0.00	0.00	0.00
5028			102832/2	31/03/2008	40 000 000.00	5 854 625.71	0.00	420 570.59	(138 082.55)	0.00	0.00	30 843 653.44	0.00	0.00	0.00	0.00	0.00
5029			31/03/2008	2 000 000.00		0.00	0.00	0.00	0.00	0.00	0.00	140 443.70	0.00	0.00	0.00	0.00	0.00
11097			103649/2	09/03/2010	21 000 000.00	16 252 360.25	0.00	1 083 950.62	(273 507.19)	260 328.26	15 437 949.52	17 915 904.93	869 942.33	14 568 007.19			
11098			103649/1	09/03/2010	29 000 000.00	24 381 224.43	0.00	845 143.16	(734 295.68)	710 712.44	23 536 081.27	25 852 571.99	948 960.23	22 587 121.04			
11099			103649/3	16/07/2010	50 000 000.00	43 106 900.78	0.00	1 577 046.77	(1 217 227.86)	1 175 693.55	41 529 854.01	43 276 726.14	1 758 560.24	39 771 293.77			
11100			103649/4	29/06/2011	50 000 000.00	43 683 608.76	0.00	1 577 969.46	(1 252 462.92)	1 210 320.86	42 105 639.30	45 601 296.57	1 762 408.46	40 343 230.84			
11101			103649/5	20/06/2013	51 000 000.00	46 402 734.30	0.00	1 602 436.52	(1 404 464.57)	1 385 765.27	44 800 297.78	48 652 135.50	1 803 285.57	42 997 012.21			
19975			61007341	20/05/2016	38 500 000.00	38 017 189.89	0.00	640 899.76	(1 083 459.71)	1 088 605.61	37 376 330.13	31 019 061.90	691 814.76	36 684 515.37			
19976			61007374	20/05/2016	21 500 000.00	20 375 697.48	0.00	1 443 786.39	(549 855.78)	522 122.40	18 931 911.09	18 278 421.31	1 592 087.36	17 339 823.73			

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INTEREST ALLOCATED INCOME & EXPENDITURE			
Department	Main Vote		Amount
Operational Services Admin	1503	375.37	101 234.00
P.W. Stormwater Drains: Worces	1533	1266318.7	279 599.00
P.W.: Street Lighting	1536	261775.45	54 767.00
P.W. Streets: Worcester	1539	22140.64	1 544 614.00
BTO: Admin	2403	1578950.1	770 892.00
F.P.: Administration	4203	310721.9	167 689.00
Boland Park Sportground	5130	1447.54	103 177.27
R.F.: Parks (Other)	5151	551.45	218 191.21
R.R. Removal: Worcester	6603	230.37	36 005.39
R.R.: Dumping Site	6606	194.83	7 446.00
Sew.: Disp. Works-Touwsrivier	6905	266.27	74 322.81
Sew.: Disp. Works-Worcester	6906	233.22	9 686 190.00
Sew.: Disp. Works-Rawsonville	6907	8.65	195 437.00
Sew.: Disp. Works-De Doorns	6908	103373.59	41 466.00
Sew. Networks: Worcester	6912	217286.26	957 106.00
Elec.: Network & Substation	8112	41734.77	7 801 456.00
Network & Pumps: Worcester	8412	21549.32	942 291.00
W.M.: Fairy Glen D	8415	78047.14	2 527.65
Bulk Water De Doorns	8416	11221050	62 502.29
W.M.: Stettynskloof Dam	8418	162663.13	2 588 779.00
Res.: Vehicle distribution	8860	120309.49	402 906.95
			<u>26 038 599.57</u>
Interest Paid			26 373 865.52
Interest Accrued	2016/17		(6 688 805.34)
Interest Accrued	2017/18		6 353 539.39
Total			<u>26 038 599.57</u>

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APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2018									
	Opening balance as previously stated 30-06-2017	Prior period error	Restated opening balance 30/6/2017	Additions	Grat 12 Transfer	Fair value adjustment	Transfers	Restoration of assets	Disposals	Closing Balance 30-06-2018
LAND	239 675 837		239 675 837	-					(18 750)	239 657 087
BUILDINGS	270 293 169		270 293 169	5 345 534					(8 250)	275 630 453
INFRASTRUCTURE	2 477 658 759		2 477 658 759	185 133 624	7 209 814				(31 792)	2 669 970 405
HERITAGE ASSETS	36 631 059		36 631 059	-						36 631 059
OTHER ASSETS	107 938 194		107 938 194	10 543 150				(20 309 314)	(938 837)	97 233 190
INTANGIBLE ASSETS	7 056 610		7 056 610							7 056 610
INVESTMENT PROPERTY	21 018 000		21 018 000	-		767 500.00				21 785 500
Total	3 160 271 628	-	3 160 271 627	201 022 308	7 209 814	767 500	0	-20 309 314	-997 629	3 347 964 303

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APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2017									
	Opening balance as previously stated 30.6.2016	Prior period error	Restated opening balance 30.6.2016	Additions	Grat 12 Transfer	Fair value adjustment	Transfers	Restoration of Assets	Disposals	Closing Balance 30.6.2017
LAND	241 542 706		241 542 706	-					(1 868 869)	239 675 837
BUILDINGS	263 429 767		263 429 767	8 154 666.00			(1 086 018)		(205 246)	270 293 169
INFRASTRUCTURE	2 402 361 397		2 402 361 397	84 666 575.00	-859 468		(428 759)		(8 080 986)	2 477 658 759
HERITAGE ASSETS	36 631 059		36 631 059	-						36 631 059
OTHER ASSETS	115 568 689		115 568 689	8 691 621.00			1 514 777	(17 149 899)	(586 994)	107 938 194
INTANGIBLE ASSETS	6 858 640		6 858 640	197 970.00						7 056 610
INVESTMENT PROPERTY	20 625 500		20 625 500	-		392 500.00				21 018 000
Total	3 087 017 758	-	3 087 017 758	101 710 832	-859 468	392 500	0	-17 149 899	-10 840 095	3 160 271 628

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APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2018									
	Opening balance as previously stated 30-06-2017	Prior period error	Restated opening balance 30-06-2017	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance 30-06-2018	Carrying Value 30-06-2018
LAND	-		-	-	-	-			-	239 657 087
BUILDINGS	172 345 136		172 345 136	5 330 601	-	(8 136)			177 667 601	97 962 852
INFRASTRUCTURE	967 125 986		967 125 986	66 553 095		(31 792)			1 033 647 289	1 636 323 116
HERITAGE ASSETS	-		-	-		-			-	36 631 059
OTHER ASSETS	49 073 743		49 073 743	12 726 598		(831 514)	(18 124 205)		42 844 612	54 388 578
INTANGIBLE ASSETS	1 962 529		1 962 529	439 112		-			2 401 641	4 654 969
INVESTMENT PROPERTY	-		-			-			-	21 785 500
Total	1 190 507 394	-	1 190 507 394	85 049 396	-	-871 443	-18 124 206	-	1 256 561 141	2 091 403 161

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APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2017										
	Opening balance as previously stated 30.6.2016	Prior period error	Restated opening balance 30.6.2016	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance 30.6.2017	Carrying Value 30.6.2017	
LAND	-		-	-	-	-			-	239 675 837	
BUILDINGS	166 921 845		166 921 845	5 480 057	-	(56 766)			172 345 136	97 948 033	
INFRASTRUCTURE	909 364 391		909 364 391	65 313 692	529 423	(8 080 966)		(534)	967 125 986	1 510 532 773	
HERITAGE ASSETS	-		-	-		-			-	36 631 059	
OTHER ASSETS	50 273 794		50 273 794	17 263 199		(404 435)	(18 059 349)	534	49 073 743	58 864 451	
INTANGIBLE ASSETS	1 463 266		1 463 266	499 263		-			1 962 529	5 094 081	
INVESTMENT PROPERTY	-		-			-			-	21 018 000	
Total	1 128 023 296	0	1 128 023 296	88 556 211	529 423	-8 542 190	-18 059 352	0	1 190 507 394	1 969 764 234	

BREEDE VALLEY MUNICIPALITY						
Annual Financial Statements for the year ended 30 June 2018						
APPENDIX C : STATISTICAL INFORMATION						
		2018	2017	2016	2015	
(1)	General Statistics					
(a)	Population.	±				
(b)	Valuation					
	(i) Taxable					
	Land	6 015 586 900	6 494 921 900	968 968 000	1 042 161 000	
	Improvements	18 038 844 300	17 348 304 300	15 547 314 000	14 756 937 000	
	(ii) Non Taxable					
	Land					
	Improvements					
	(iii) Date of Last General Valuation	2016/07/01	2016/07/01	2012/07/01	2012/07/01	
(c)	Number of properties					
	Residential	20 932	20 713	19 621	19 465	
	Commercial	1 038	1 125	1 047	702	
	Welfare Institutions	238	4 579	4 483	4 708	
	Agri/Farms	1 883	1 903	2 209	2 222	
	Industrial	236				
	Public Serv. Infrastructure	335				
	National Monuments	27				
	Municipal Properties	3 979				
	State	104				
(d)	Assesment Rate: Cent in the Rand	0.7809 + 1.5618	0.7360 + 1.4720	0.8520 + 1.7040	0.8520 + 1.7040	
(e)	Number of Employees					
	Employed (inclusive counsillors)	934	879	902	825	
	Vacancies (Funded vacancies)	149	178	144	166	
(2)	Electrical Statistics					
(a)	Number of users	±	27 653	27 653	20 830	24 366
(b)	Units bought	kWh	300 068 505.13	317 011 404	321 148 641	318 032 277
(c)	Units sold	kWh	280 162 315.00	297 326 394	302 649 685	298 429 985
(d)	Units lost in distribution	kWh	19 906 190.13	19 685 011	18 498 956	19 602 291
(e)	Percentage of units lost in distribution		7%	6.2096%	5.7602%	6.164%
(f)	Cost per unit bought	R	1.077257	1.119742	1.024017	0.917023
(g)	Loss in distribution	R	21 444 083	22 042 128	18 943 248	17 975 754
(h)	Cost per unit sold	R	1.153799	1.193876	1.086608	0.977258
(i)	Income per unit sold	R	1.302097	1.316579	1.208169	1.078843
(3)	Water Statistics					
(a)	Number of users	±	27 864	28 273	27 864	25 486
(b)	Units supplied	Kl	12 569 124.00	12 993 400	13 633 813	15 150 339
(c)	Units sold	Kl	10 802 841.00	10 705 472	11 439 824	12 294 092
(d)	Units lost in distribution	Kl	1 766 283.00	2 287 928	2 193 989	2 856 247
(e)	Percentage of units lost in distribution		14.0526%	17.6084%	16.0923%	18.8527%
(f)	Cost per unit supplied	R	4.573842	5.674011	5.608079	6.631379
(g)	Loss in distribution	R	8 078 699	12 981 730	12 304 064	18 940 856
(h)	Cost per unit sold	R	5.321673	6.886637	6.683625	7.136594
(i)	Income per unit sold	R	5.250956	6.484819	6.814768	6.260953
(4)	Sundry Statistics					
(a)	Area in km²		3 833	3 833	3 833	3 833
(b)	Previous election					
	Number of registered voters		70 002	70 002	70 002	70 002
	% poll					
(c)	Building survey:					
	(i) Building plans					
	Number passed		568	562	674	1678
	Value passed (R '000)		442 154 000	R 424,564,000	475 154 000	471 862 000
	(ii) Inspections performed	±	3 500	3 468	2 188	3 941
(d)	Housing					
	(i) Number of dwelling units		2 688	2 682	2 696	2 703
	(ii) Number of people acc	±	12 096	102	111	13 515
	(iii) Number of people on waiting list		25 659	26 000	25 000	24 615
(e)	Fire service stations		2	2	2	2

BREDE VALLEY MUNICIPALITY																
Annual Financial Statements for the year ended 30 June 2018																
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED																
NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance July 2017	Quarterly Receipts			Quarterly Expenses			Balance 30 June 2018	Grants and subsidies delayed/ withheld			Reason for delay/ withholding of funds	Comply with the grant conditions in terms of latest DORA	Reason for non compliance	
			Sept 17	Dec 17	March 18	June 18	Sept 17	Dec 17		March 18	June 18	Sept 17				Dec 17
Equitable Share	National	-	40 874 000	32 699 000	24 524 000	-	30 655 500	21 118 167	27 930 333	18 393 000	0	-	-	-	Yes	None
Financial Management grant	National	-	1 550 000	-	-	-	374 279	428 744	243 037	503 940	0	-	-	-	Yes	None
EPW: National	National	-	524 000	941 000	628 000	-	2 053 362	(1 166 817)	813 022	393 433	(0)	-	-	-	Yes	None
Mun. Infrastr. Grant (MIG)	National	-	8 825 000	12 711 000	13 471 000	-	3 818 854	10 149 065	5 537 650	15 501 432	(0)	-	-	-	Yes	None
Energy Efficient LED	National	648 316	-	-	-	-	-	668 316	-	-	-	-	-	-	Yes	None
Integrated National Electrification Grant	National	-	4 000 000	4 000 000	-	-	-	-	-	8 000 000	-	-	-	-	Yes	None
Public Libraries- Operational	Provincial	-	2 809 000	2 809 000	2 809 000	-	1 966 706	1 994 691	1 978 632	2 486 971	0	-	-	-	Yes	None
Public Libraries- Capital	Provincial	4 679 520	-	-	-	-	-	-	-	764 519	4 115 001	-	-	-	Yes	Project not completed
National Roads Agency	Provincial	-	-	-	149 000	-	-	-	149 000	-	-	-	-	-	Yes	None
CDW Grant Support 0809	Provincial	(50 439)	-	-	93 000	-	18 595	33 482	18 974	(28 491)	0	-	-	-	Yes	None
FMSG: Riks Management	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	None
FMSG: Man Capacity grant	Provincial	-	-	240 000	-	-	-	-	-	-	240 000	-	-	-	Yes	None
FMSG: Implemen. of mSCOA	Provincial	63 400	-	-	280 000	-	-	63 400	-	280 000	-	-	-	-	Yes	None
FMSG: Internal Audit - OFE	Provincial	89 529	-	130 000	-	-	-	-	-	175 375	44 154	-	-	-	Yes	Project ongoing
FMSG: Internal Audit - CAP	Provincial	0	-	-	-	-	-	-	-	0	0	-	-	-	Yes	None
Boland sport Dept sport and culture	Provincial	-	-	100 000	-	-	-	-	-	100 000	-	-	-	-	Yes	None
RSEP Projects- Operational	Provincial	457 490	-	-	-	-	-	-	-	32 480	425 000	-	-	-	Yes	Project not completed
RSEP Projects- Capital	Provincial	6 084 910	-	2 050 000	1 000 000	-	1 366	138 440	94 657	7 316 830	1 583 418	-	-	-	Yes	Project not completed
IG Graduate Internship Grant	Provincial	60 000	-	-	66 000	-	-	-	48 075	51 125	26 800	-	-	-	Yes	Project not completed
Zwelethamba 242 even.	Provincial	767 968	-	-	-	-	-	-	-	-	767 968	-	-	-	Yes	Project not completed
De Doorns 1400 PLS	Provincial	600 514	-	1 038 031	-	-	-	-	1 379 035	259 510	259 510	-	-	-	Yes	Project ongoing
De Doorns 1400 PLS (Capital)	Provincial	4 980 234	-	17 102 728	540 308	-	21 982 962	540 308	588 286	588 286	0	-	-	-	Yes	Project ongoing
Avlon park 438 Houses	Provincial	2 039 797	-	-	-	-	-	-	-	-	2 039 797	-	-	-	Yes	Project ongoing
De Nova Town Development	Provincial	367 175	-	-	-	-	-	-	-	-	367 175	-	-	-	Yes	Project ongoing
Sunnyside Orchard De doorns	Provincial	-	-	639 699	8 961 658	2 155 854	-	639 699	8 961 658	2 155 854	-	-	-	-	Yes	None
Sunnyside Orchard capital	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	None
Avlon Park 205 Houses	Provincial	(5 784)	57 841	86 762	705 660	-	(5 784)	144 603	-	705 661	(0)	-	-	-	Yes	None
Title Deeds	Provincial	864 000	-	-	2 634 000	-	-	-	-	-	3 500 000	-	-	-	Yes	Project ongoing
Township Capital	Provincial	-	-	-	2 419 325	-	-	-	-	2 419 325	0	-	-	-	Yes	None
PAWC Fire equipment	Provincial	1 500 000	-	-	-	-	-	-	-	-	1 500 000	-	-	-	Yes	Project ongoing
Housing : transhex operating	Provincial	-	-	20 000 000	(20 000 000)	-	-	-	-	2 006 704	27 493 296	-	-	-	Yes	Project ongoing
Housing: Transhex	Provincial	0	-	29 500 000	51 985 254	-	2 805 918	(2 805 917)	-	51 985 254	-	-	-	-	Yes	Project ongoing
Housing: Transhex	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	Project ongoing
Housing Consumer Education	Cape Wineland district Municipality	300 000	-	-	500 000	-	-	-	91 997	708 003	(0)	-	-	-	Yes	None

BREDE VALLEY MUNICIPALITY																			
Annual Financial Statements for the year ended 30 June 2018																			
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED																			
NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance July 2017	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2018	Grants and subsidies delayed/ withheld				Reason for delay/ withholding of funds	Comply with the grant conditions in terms of latest DORA	Reason for non-compliance	
			Sept 17	Dec 17	March 18	June 18	Sept 17	Dec 17	March 18	June 18		Sept 17	Dec 17	March 18	June 18				
58 Houses for staff (SAMWU)	Housing grants	44 824	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	No	Project ongoing
800 Zwelethemba Housing Project	Housing grants	1 449 005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	No	Project ongoing
550 Houses Avian Park	Housing grants	(422 643)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
339 Houses	Housing grants	24 464	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	No	Project ongoing
708 Avianpark	Provincial	466 876	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
331 People Housing Proj. Zwelethemba	Provincial	2 524 407	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
GWSETA	Other	(97 821)	167 469	85 957	88 573	135 237	55 500	135 061	93 027	95 828	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
GWSETA - Learner ship	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	None
Work for Water Projects	Other	229 211	1 000 241	385 045	1 514 437	468 576	1 228 475	978 556	49 546	504 780	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
Prime Mover Cache equipm	Other	-	-	120 000	120 000	120 000	-	120 000	-	-	-	-	-	-	-	-	Not applicable	Yes	None
APL Carbons	Other	-	-	50 000	50 000	-	-	-	50 000	-	-	-	-	-	-	-	Not applicable	Yes	None
Donated assets: Bore whole	Private Donation	-	-	1 666 665	1 666 665	-	-	-	1 666 665	-	-	-	-	-	-	-	Not applicable	Yes	None
Donated Assets: Vehicles	Private Donation	-	-	130 000	130 000	-	-	-	130 000	-	-	-	-	-	-	-	Not applicable	Yes	None
Donated assets: trailer	Private Donation	-	-	46 087	46 087	-	-	-	46 087	-	-	-	-	-	-	-	Not applicable	Yes	None
Donated assets: Library equipment	Private Donation	-	-	157 075	157 075	-	-	-	157 075	-	-	-	-	-	-	-	Not applicable	Yes	None
		27 786 953	59 807 551	71 545 146	75 188 615	75 304 920	42 157 372	54 672 809	49 021 193	116 732 149	47 049 642	-	-	-	-	-	-	-	-
SUMMARY		Balance 01/07/17	Sept 17	Dec 17	March 18	June 18	Sept 17	Dec 17	March 18	June 18	Balance 30/06/2018								
		27 786 953		281 846 231					262 583 522		47 049 642								
Register summary	Unutilised Balance - 01/07/2017	Debit Balance 01/07/2017	Received 01/07/2017 to 30/06/18	Other Income	Capital Donated	Written - off	Conditions met Income statement Operating	Conditions met Income statement Capital	Refunded	To Other Debtors	Balance 31/06/2018								
	28 343 641	(576 687)	279 846 404	-	1 999 827	(725 932)	(128 979 425)	(132 878 145)	-	(422 643)	47 472 305								
		27 766 954	281 846 230				(262 583 522)				47 049 642								

Appendix E A2 WC025 Breede Valley - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)											
Description	2017/18							2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Adjustment Budget 27 February 2018	Approved Virements (Virement Policy 2017/2018)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	14
Revenue - Standard											
Governance and administration	188 493	3 027	191 519	-	191 519	193 462		1 943	101.0%	102.6%	178 319
Executive and council	1 056	700	1 756	-	1 756	1 567		(189)	89.3%	148.4%	1 151
Budget and treasury office	187 436	2 327	189 763	-	189 763	182 114		(7 649)	96.0%	97.2%	170 134
Corporate services	-	-	-	-	-	9 780		9 780	#DIV/0!	#DIV/0!	7 035
Community and public safety	58 555	9 169	67 724	-	67 724	160 752		93 028	237.4%	274.5%	126 179
Community and social services	7 874	6 768	14 642	-	14 642	10 779		(3 862)	73.6%	136.9%	7 580
Sport and recreation	366	3 602	3 968	-	3 968	3 668		(299)	92.5%	1003.1%	1 051
Public safety	956	1 912	2 867	-	2 867	113 775		110 907	3967.9%	11904.5%	94 089
Housing	49 360	(3 113)	46 247	-	46 247	32 530		(13 717)	70.3%	65.9%	23 459
Health	-	-	-	-	-	-		-	-	-	-
Economic and environmental services	95 603	102 827	198 430	-	198 430	35 320		(163 110)	17.8%	36.9%	14 414
Planning and development	5 613	5 252	10 865	-	10 865	1 406		(9 459)	12.9%	25.1%	1 322
Road transport	90 618	90 946	181 563	-	181 563	31 188		(150 375)	17.2%	34.4%	11 479
Environmental protection	(628)	6 629	6 001	-	6 001	2 725		(3 276)	45.4%	434.2%	1 612
Trading services	738 207	(21 327)	716 880	-	716 880	669 989		(46 891)	93.5%	90.8%	624 686
Electricity	412 553	(22 374)	390 179	-	390 179	364 765		(25 414)	93.5%	88.4%	387 423
Water	121 347	11 358	132 705	-	132 705	117 794		(14 911)	88.8%	97.1%	84 268
Waste water management	139 513	(5 211)	134 301	-	134 301	135 671		1 369	101.0%	97.2%	103 635
Waste management	64 794	(5 100)	59 694	-	59 694	51 759		(7 935)	86.7%	79.9%	49 360
Other	(78)	78	-	-	-	-		-	-	-	(65)
Total Revenue - Standard	1 080 779	93 774	1 174 553	-	1 174 553	1 059 523		(115 031)	90.2%	98.0%	943 533
Expenditure - Standard											
Governance and administration	193 795	(3 933)	189 862	319	190 181	177 711	-	(12 469)	93.4%	91.7%	152 933
Executive and council	33 329	2 889	36 218	2 830	39 048	51 481		12 433	131.8%	154.5%	43 367
Budget and treasury office	157 423	(6 787)	150 636	(2 511)	148 125	54 054		(94 071)	36.5%	34.3%	49 651
Corporate services	3 043	(35)	3 008	-	3 008	72 176		69 169	2399.8%	2372.2%	59 915
Community and public safety	135 812	(5 108)	130 704	(3 074)	127 630	221 773	-	94 144	173.8%	163.3%	201 405
Community and social services	21 368	(1 270)	20 098	(69)	20 028	26 591		6 562	132.8%	124.4%	21 842
Sport and recreation	30 724	(1 700)	29 024	(21)	29 003	23 174		(5 829)	79.9%	75.4%	21 879
Public safety	29 907	(3 048)	26 859	(3 044)	23 815	142 455		118 640	598.2%	476.3%	115 381
Housing	53 717	911	54 628	0	54 628	29 091		(25 537)	53.3%	54.2%	41 831
Health	95	0	95	60	155	463		308	298.2%	486.0%	472
Economic and environmental services	128 164	64 121	192 285	3 294	195 580	65 041	-	(130 538)	33.3%	50.7%	65 362
Planning and development	13 903	1 588	15 491	(60)	15 431	13 095		(2 336)	84.9%	94.2%	10 927
Road transport	113 785	59 531	173 316	3 350	176 666	46 107		(130 558)	26.1%	40.5%	46 963
Environmental protection	476	3 003	3 478	5	3 483	5 839		2 356	167.6%	1227.6%	7 472
Trading services	506 344	3 462	509 806	(772)	509 034	491 568	-	(17 466)	96.6%	97.1%	513 020
Electricity	348 846	(6 438)	342 409	(7 426)	334 983	323 251		(11 732)	96.5%	92.7%	336 904
Water	50 157	5 220	55 377	4 824	60 200	57 694		(2 506)	95.8%	115.0%	54 090
Waste water management	59 578	5 855	64 433	46	64 479	61 247		(3 232)	95.0%	104.6%	61 579
Waste management	48 763	(1 176)	47 587	1 785	49 372	49 376		4	100.0%	101.3%	60 447
Other	980	85	1 065	234	1 299	1 005		(294)	77.4%	102.5%	778
Total Expenditure - Standard	965 095	58 628	1 023 723	-	1 023 723	957 098	-	(66 624)	93.5%	99.2%	933 499
Surplus/(Deficit) for the year	115 684	35 147	150 831	-	150 831	102 424	-	(48 406)	67.9%	88.5%	10 034

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Appendix F A3 WC025 Breede Valley - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)											
Vote Description	2017/18										2016/17
	Original Budget	Budget Adjustments (i.i.o. MFMA s28)	Adjustment Budget 27 February 2018	Approved Virements (Virement Policy 2017/2018)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	14
Revenue by Vote											
Vote 1 - Council General	131	-	131	-	131	3 290		3 158	2507.7%	2507.7%	766
Vote 2 - Municipal Manager	5 050	6 540	11 590	-	11 590	8 608		(2 982)	74.3%	170.5%	4 493
Vote 3 - Strategic Support Services	22	1 675	1 697	-	1 697	477		(1 220)	28.1%	2177.8%	(450)
Vote 4 - Financial Services	182 995	1 021	184 016	0	184 017	179 070		(4 946)	97.3%	97.9%	171 248
Vote 5 - Community Services	138 439	90 761	229 200	-	229 200	169 578		(59 622)	74.0%	122.5%	136 581
Vote 6 - Technical Services	754 141	(6 223)	747 918	(0)	747 918	698 500		(49 419)	93.4%	92.6%	630 894
Example 7 - Vote7			-		-	-		-	-	-	-
Example 8 - Vote8			-		-	-		-	-	-	-
Example 9 - Vote9			-		-	-		-	-	-	-
Example 10 - Vote10			-		-	-		-	-	-	-
Example 11 - Vote11			-		-	-		-	-	-	-
Example 12 - Vote12			-		-	-		-	-	-	-
Example 13 - Vote13			-		-	-		-	-	-	-
Example 14 - Vote14			-		-	-		-	-	-	-
Example 15 - Vote15			-		-	-		-	-	-	-
Total Revenue by Vote	1 080 779	93 774	1 174 553	-	1 174 553	1 059 523		(115 031)	90.2%	98.0%	943 533
Expenditure by Vote to be appropriated											
Vote 1 - Council General	29 961	2 348	32 309	2 890	35 199	35 135		(64)	99.8%	117.3%	29 850
Vote 2 - Municipal Manager	9 989	(378)	9 611	-	9 611	8 799		(812)	91.5%	88.1%	6 336
Vote 3 - Strategic Support Services	54 712	814	55 526	(277)	55 250	51 388		(3 862)	93.0%	93.9%	51 901
Vote 4 - Financial Services	78 806	(12 934)	65 871	(1 645)	64 226	61 792		(2 434)	96.2%	78.4%	56 743
Vote 5 - Community Services	208 868	51 669	260 537	2 510	263 047	216 078		(46 969)	82.1%	103.5%	197 001
Vote 6 - Technical Services	582 759	17 109	599 868	(3 479)	596 390	583 906		(12 483)	97.9%	100.2%	591 668
Example 7 - Vote7			-		-	-		-	-	-	-
Example 8 - Vote8			-		-	-		-	-	-	-
Example 9 - Vote9			-		-	-		-	-	-	-
Example 10 - Vote10			-		-	-		-	-	-	-
Example 11 - Vote11			-		-	-		-	-	-	-
Example 12 - Vote12			-		-	-		-	-	-	-
Example 13 - Vote13			-		-	-		-	-	-	-
Example 14 - Vote14			-		-	-		-	-	-	-
Example 15 - Vote15			-		-	-		-	-	-	-
Total Expenditure by Vote	965 095	58 628	1 023 723	-	1 023 723	957 098	-	(66 624)	93.5%	99.2%	933 499
Surplus/(Deficit) for the year	115 684	35 147	150 831	-	150 831	102 424		(48 406)	67.9%	88.5%	10 034

Appendix G A4
WC025 Breede Valley - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18										2016/17
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Adjustment Budget 27 February 2018	Approved Virements (Virement Policy 2017/2018)	Final Adjustments Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	14
Revenue By Source											
Property rates	136 953	—	136 953	—	136 953	125 006		(11 946)	91.3%	91.3%	119 186
Property rates - penalties & collection charges	940	(940)	—	—	—	1 470		1 470	#DIV/0!	156.4%	1 386
Service charges - electricity revenue	400 316	(26 358)	373 959	—	373 959	351 442		(22 517)	94.0%	87.8%	377 949
Service charges - water revenue	65 274	4 827	70 101	—	70 101	58 725		(13 376)	80.9%	86.9%	58 432
Service charges - sanitation revenue	59 938	3 788	63 706	—	63 706	65 381		1 676	102.6%	109.1%	48 285
Service charges - refuse revenue	41 015	(5 100)	35 914	—	35 914	34 887		(1 027)	97.1%	85.1%	36 743
Service charges - other	(17 700)	17 700	—	—	—	—		—	—	—	(17 874)
Rental of facilities and equipment	14 492	(7 608)	6 885	—	6 885	9 052		2 167	131.5%	62.5%	14 462
Interest earned - external investments	10 620	—	10 620	—	10 620	16 556		5 936	155.9%	155.9%	17 173
Interest earned - outstanding debtors	3 009	(201)	2 808	—	2 808	6 278		3 470	223.5%	208.6%	4 251
Dividends received	—	—	—	—	—	—		—	—	—	—
Fines	67 244	85 000	152 244	(0)	152 244	111 978		(40 266)	73.6%	166.5%	90 797
Licences and permits	3 173	66	3 239	—	3 239	3 108		(130)	96.0%	98.0%	3 176
Agency services	7 373	—	7 373	—	7 373	7 630		257	103.5%	103.5%	6 902
Transfers recognised - operational	148 473	599	149 072	(0)	149 072	130 203		(18 869)	87.3%	87.7%	115 737
Other revenue	6 900	5 702	12 603	0	12 603	8 246		(4 356)	65.4%	119.5%	8 405
Gains on disposal of PPE	1 126	—	1 126	—	1 126	(95)		(1 221)	-8.4%	-8.4%	351
Total Revenue (excluding capital transfers and contributions)	949 146	77 456	1 026 602	0	1 026 602	927 868		(98 734)	90.4%	97.8%	885 360
Expenditure By Type											
Employee related costs	301 169	(45 388)	255 781	(4 017)	251 764	252 675		912	100.4%	83.9%	249 882
Remuneration of councillors	16 468	789	17 237	1 500	18 737	16 891		(1 846)	90.1%	102.6%	15 615
Debt impairment	55 626	85 606	141 232	—	141 232	112 245		(28 987)	79.5%	201.8%	88 495
Depreciation & asset impairment	81 713	(56)	81 656	—	81 656	85 049		3 393	104.2%	104.1%	89 086
Finance charges	26 116	6	26 122	—	26 122	26 039		(83)	99.7%	99.7%	27 804
Bulk purchases	276 151	(10 002)	266 149	(1 300)	264 849	264 821		(28)	100.0%	95.9%	274 376
Other materials	53 656	(52 679)	10 976	4 255	15 231	13 348		(1 883)	87.6%	21.0%	65 100
Contracted services	9 366	103 764	113 130	(3 145)	109 985	97 988		(11 997)	89.1%	104.62%	11 013
Transfers and grants	279	35 328	35 607	(296)	35 310	12 807		(22 504)	36.3%	459.2%	310
Other expenditure	131 426	(68 719)	72 707	3 003	75 710	75 235		(475)	99.4%	57.2%	109 568
Loss on disposal of PPE	3 125	—	3 125	—	3 125	(95)		(3 125)	—	—	2 251
Total Expenditure	965 095	58 628	1 023 723	—	1 023 723	957 098		(66 624)	93.5%	99.2%	933 499
Surplus/(Deficit)	(15 949)	18 828	2 879	0	2 879	(29 230)		(32 109)	-1015.2%	183.3%	(48 139)
Transfers recognised - capital	131 633	14 518	146 151	(0)	146 151	131 654		(14 497)	90.1%	100.0%	58 173
Contributions recognised - capital	—	—	—	—	—	—		—	—	—	—
Contributed assets	—	1 800	1 800	—	1 800	—		(1 800)	—	—	—
Surplus/(Deficit) after capital transfers & contributions	115 684	35 147	150 831	—	150 831	102 424		(48 406)	67.9%	88.5%	10 034
Taxation	—	—	—	—	—	—		—	—	—	—
Surplus/(Deficit) after taxation	115 684	35 147	150 831	—	150 831	102 424		(48 406)	67.9%	88.5%	10 034
Attributable to minorities	—	—	—	—	—	—		—	—	—	—
Surplus/(Deficit) attributable to municipality	115 684	35 147	150 831	—	150 831	102 424		(48 406)	67.9%	88.5%	10 034
Share of surplus/ (deficit) of associate	—	—	—	—	—	—		—	—	—	—
Surplus/(Deficit) for the year	115 684	35 147	150 831	—	150 831	102 424		(48 406)	67.9%	88.5%	10 034

Appendix H A4 WC025 Breede Valley - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding												
Vote Description R thousand	2017/18							2016/17				
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Example 1 - Vote1			-			-	-	-			-	
Example 2 - Vote2			-			-	-	-			-	
Example 3 - Vote3			-			-	-	-			-	
Example 4 - Vote4			-			-	-	-			-	
Example 5 - Vote5			-			-	-	-			-	
Example 6 - Vote6			-			-	-	-			-	
Example 7 - Vote7			-			-	-	-			-	
Example 8 - Vote8			-			-	-	-			-	
Example 9 - Vote9			-			-	-	-			-	
Example 10 - Vote10			-			-	-	-			-	
Example 11 - Vote11			-			-	-	-			-	
Example 12 - Vote12			-			-	-	-			-	
Example 13 - Vote13			-			-	-	-			-	
Example 14 - Vote14			-			-	-	-			-	
Example 15 - Vote15			-			-	-	-			-	
Capital multi-year expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure												
Vote 1 - Council General	5	1 873	1 878	1 702		(176)	91%	34034%			-	5
Vote 2 - Municipal Manager	4 130	5 641	9 771	8 181		(1 590)	84%	198%			-	4 206
Vote 3 - Strategic Support Services	6 320	20 368	26 688	5 352		(21 335)	20%	85%			-	4 227
Vote 4 - Financial Services	805	496	1 301	795		(506)	61%	99%			-	722
Vote 5 - Community Services	10 193	(387)	9 806	3 770		(6 037)	38%	37%			-	7 414
Vote 6 - Technical Services	188 501	18 615	207 116	181 222		(25 894)	87%	96%			-	85 136
Example 7 - Vote7			-			-	-	-			-	
Example 8 - Vote8			-			-	-	-			-	
Example 9 - Vote9			-			-	-	-			-	
Example 10 - Vote10			-			-	-	-			-	
Example 11 - Vote11			-			-	-	-			-	
Example 12 - Vote12			-			-	-	-			-	
Example 13 - Vote13			-			-	-	-			-	
Example 14 - Vote14			-			-	-	-			-	
Example 15 - Vote15			-			-	-	-			-	
Capital single-year expenditure	209 954	46 606	256 560	201 022	-	(55 538)	78%	96%	-	-	-	101 711
Total Capital Expenditure - Vote	209 954	46 606	256 560	201 022	-	(55 538)	78%	96%	-	-	-	101 711

Appendix H A4

WC025 Breede Valley - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description		2017/18						2016/17				
Original Budget	Total Budget Adjustments (i.i.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
1	2	3	4	5	6	7	8	9	10	11	12	
Capital Expenditure - Standard												
Governance and administration												
11 560	35 218	46 778	21 772	-	(25 005)	47%	188%	-	-	-	9 820	
15	415	430	356		(74)	83%	2373%				316	
11 545	(10 252)	1 293	790		(503)	61%	7%				725	
-	45 055	45 055	20 626		(24 429)	46%	#DIV/0!				8 778	
14 170	(1 833)	12 337	5 171	-	(7 166)	42%	36%	-	-	-	11 167	
660	5 127	5 787	1 006		(4 781)	17%	152%				179	
2 240	(955)	1 285	1 011		(274)	79%	45%				2 193	
11 270	(6 005)	5 265	3 153		(2 112)	60%	28%				8 795	
-	-	-	-		-	-	-				-	
-	-	-	-		-	-	-				-	
21 375	19 066	40 442	41 317	-	875	102%	193%	-	-	-	9 078	
-	-	-	-		-	-	-				-	
21 375	19 066	40 442	41 317		875	102%	193%				9 078	
-	-	-	-		-	-	-				-	
162 848	(5 845)	157 003	132 762	-	(24 242)	85%	82%	-	-	-	71 646	
38 757	(13 950)	24 807	12 137		(12 670)	49%	31%				8 420	
41 606	19 369	60 975	52 928		(8 047)	87%	127%				18 073	
62 233	381	62 613	59 378		(3 236)	95%	95%				44 369	
20 253	(11 645)	8 608	8 319		(289)	97%	41%				783	
-	-	-	-	-	-	-	-				-	
209 954	46 606	256 560	201 022	-	(55 538)	78%	96%	-	-	-	101 711	
Total Capital Expenditure - Standard												
Funded by:												
43 007	-	43 007	41 783		(1 224)	97%	97%				35 782	
88 626	14 518	103 144	88 028		(15 116)	85%	99%				21 956	
-	-	-	-		-	-	-				-	
-	1 800	1 800	(0)		(1 800)	0%	#DIV/0!				-	
131 633	16 318	147 951	129 812		(18 140)	88%	99%				57 738	
-	-	-	1 843		1 843	#DIV/0!	#DIV/0!				-	
10 500	13 798	24 298	21 325		(2 973)	88%	203%				25 700	
67 821	16 489	84 311	48 042		(36 268)	57%	71%				18 272	
209 954	46 606	256 560	201 022		(55 538)	78%	96%				101 711	
Total Capital Funding												

Appendix I Budget Cash Flow

WC025 Breede Valley - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	727 576	(8 547)	719 029	626 598	(92 431)	87.1%	86.1%	650 044
Government - operating	148 473	(7 265)	141 208	149 312	8 103	105.7%	100.6%	114 490
Government - capital	131 633	1 412	133 044	129 655	(3 390)	97.5%	98.5%	68 043
Interest	13 629	(201)	13 428	20 825	7 396	155.1%	152.8%	20 874
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(801 361)	62 255	(739 106)	(707 447)	31 659	95.7%	88.3%	(709 211)
Finance charges	(26 387)	(6)	(26 393)	(26 039)	354	98.7%	98.7%	(28 046)
Transfers and Grants	(279)	(35 328)	(35 607)	(12 807)	22 800	36.0%	4590.2%	23 110
NET CASH FROM/(USED) OPERATING ACTIVITIES	193 284	12 321	205 605	180 097	(25 508)	87.6%	93.2%	139 303
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	31	31	#DIV/0!	#DIV/0!	(198)
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	50	38	88	3 736	3 648	4244.9%	7471.1%	159
Decrease (increase) in non-current investments	-	-	-	45 000	45 000	#DIV/0!	#DIV/0!	(10 000)
Payments								
Capital assets	(209 954)	(46 606)	(256 560)	(199 022)	57 538	77.6%	94.8%	(101 115)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(209 904)	(46 568)	(256 472)	(150 256)	106 216	58.6%	71.6%	(111 154)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	100	(27)	73	232	159	317.3%	231.6%	(366)
Payments								
Repayment of borrowing	(17 200)	-	(17 200)	(17 200)	-	100.0%	100.0%	(22 628)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(17 100)	(27)	(17 127)	(16 968)	159	99.1%	99.2%	(22 994)
NET INCREASE/ (DECREASE) IN CASH HELD	(33 720)	(34 274)	(67 994)	12 873				5 155
Cash/cash equivalents at the year begin:	115 031	67 548	182 578	92 578				87 423
Cash/cash equivalents at the year end:	81 310	33 262	114 584	105 451	(9 133)	92.0%	129.7%	92 578

BREED VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
APPENDIX J: DEVIATIONS FOR THE 2016 2017 FINANCIAL YEAR.

DEVIATIONS FOR THE MONTH: JULY 2017

<u>Order nr.</u>	<u>Amount</u>	<u>Service Provider</u>	<u>Deviation Category</u>
1151295	9 856.44	Meycom	Sole service provider
1151318	R251 370.00	Total Client Services Limited	Sole service provider
[2]	R 261 226.44		
1151104	R29 526.00	De La Rosa Ingenieurs/Trailers	Emergency
1151340	R2 679.00	Ken Pargiter Chipper Hire	Emergency
chq 238632	R125 214.67	Alsu Ondernemings	Emergency
chq 238644	R261 549.60	Current Affairs Electrical	Emergency
[4]	R418 969.27		
1151233	125 650.80	Beirowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1151159	R27 457.31	Boland Hydraulics	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151161	R4 013.48	Cader's Auto Electric	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151172	R2 986.80	Boland Hydraulics	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151173	R10 267.86	Boland Hydraulics	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151174	R6 783.00	Boland Hydraulics	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151175	R2 257.20	Boland Hydraulics	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151210	R7 411.20	Worcester Nissan	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151225	R4 919.49	Transtech	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152098	R9 549.81	Jec Spares	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151363	R2 142.08	Cader's Auto Electric	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
[11]	R 203 439.03		
Total	R 883 634.74		
[17]			

DEVIATIONS FOR THE MONTH: AUGUST 2017

<u>Order nr.</u>	<u>Amount</u>	<u>Service Provider</u>	<u>Deviation Category</u>
1151813	R 5 950.80	Strydom Armature Winders	Emergency
1151814	R 8 584.20	Strydom Armature Winders	Emergency
1151710	R 3 500.03	Brandwacht Besproeiing	Emergency
[3]	R 18 035.03		
1152233	R 54 432.72	Beirrowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1151796	R 215 273.02	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1151797	R 42 134.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1151588	R 3 588.72	X-LINK	Exceptional case whereby it is impractical to follow a normal procurement process
1152229	R 6 100.46	Fairbridges Wetheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1152255	R 14 645.90	De Vries De Wet Kraukamp	Exceptional case whereby it is impractical to follow a normal procurement process
1152228	R 56 393.60	Wilna Roux Attorneys	Exceptional case whereby it is impractical to follow a normal procurement process
1151870	R 29 241.00	Adapt IT	Exceptional case whereby it is impractical to follow a normal procurement process
1151873	R 12 908.37	Truvelo Manufactures	Exceptional case whereby it is impractical to follow a normal procurement process
1152227	R 13 198.07	Ignite Advisory Services	Exceptional case whereby it is impractical to follow a normal procurement process
1152231	R 19 885.59	Ignite Advisory Services	Exceptional case whereby it is impractical to follow a normal procurement process
1152230	R 30 780.00	Ignite Advisory Services	Exceptional case whereby it is impractical to follow a normal procurement process
1152072	R 64 201.61	Hydrenco	Exceptional case whereby it is impractical to follow a normal procurement process
1151973	R 4 540.62	The Network Computer Western Cape	Exceptional case whereby it is impractical to follow a normal procurement process
1152443	R 48 835.23	Ian Dickie & Co	Exceptional case whereby it is impractical to follow a normal procurement process
1152057	R 3 699.98	Boela's Auto Repairs	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151541	R 3 767.70	Maxal Projects	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151542	R 3 241.76	GS & T	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151603	R 19 665.00	Fiab Mechanical Installations	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151873	R 12 908.37	Truvelo Manufactures	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1151882	R 2 084.02	Audensberg Toyota	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152130	R 2 361.01	Speedy	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152076	R 6 034.63	Agrico (PTY) LTD	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
[23]	R 669 921.78		
Total		R 687 956.81	
[26]			

DEVIATIONS FOR THE MONTH: SEPTEMBER 2017

<u>Order nr.</u>	<u>Amount</u>	<u>Service Provider</u>	<u>Deviation Category</u>
1152534	R 40 570.82	HD Transmissions	Sole service provider
[1]	R 40 570.82		
1153055	R 4 845.23	Worcester Auto Clinic	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1153057	R 4 555.33	Worcester Auto Clinic	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152345	R 6 199.51	Orbit Boland Worcester	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152355	R 22 104.60	Onlab Specialist Electro-Technology	Exceptional case whereby it is impractical to follow a normal procurement process
1152910	R 11 158.06	AAD Truck & Bus	Exceptional case whereby it is impractical to follow a normal procurement process
1152911	R 6 580.43	AAD Truck & Bus	Exceptional case whereby it is impractical to follow a normal procurement process
1152912	R 5 411.68	AAD Truck & Bus	Exceptional case whereby it is impractical to follow a normal procurement process
1152913	R 2 227.56	Non Pareil Garage	Exceptional case whereby it is impractical to follow a normal procurement process
1152914	R 2 274.30	Non Pareil Garage	Exceptional case whereby it is impractical to follow a normal procurement process
1152915	R 5 411.68	AAD Truck & Bus	Exceptional case whereby it is impractical to follow a normal procurement process
1152916	R 11 267.10	AAD Truck & Bus	Exceptional case whereby it is impractical to follow a normal procurement process
1152917	R 4 837.48	Boland Ingenieurs	Exceptional case whereby it is impractical to follow a normal procurement process
1152918	R 3 366.97	Worcster Nissan	Exceptional case whereby it is impractical to follow a normal procurement process
1152561	R 154 799.46	Beirowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1152919	R 4 780.20	LTC Power Products	Exceptional case whereby it is impractical to follow a normal procurement process
1152920	R 15 080.30	JEC Spares	Exceptional case whereby it is impractical to follow a normal procurement process
1152921	R 2 280.00	Tony's Motor Spares	Exceptional case whereby it is impractical to follow a normal procurement process
1153014	R 2 096.00	Boland Mowers	Exceptional case whereby it is impractical to follow a normal procurement process
1153018	R 4 018.50	Non Pareil Garage	Exceptional case whereby it is impractical to follow a normal procurement process
1153042	R 12 686.76	Babcock Equipment	Exceptional case whereby it is impractical to follow a normal procurement process
1153043	R 2 257.20	Boland Hydraulics	Exceptional case whereby it is impractical to follow a normal procurement process
1153045	R 9 186.63	AAD Truck & Bus	Exceptional case whereby it is impractical to follow a normal procurement process
1153054	R 2 374.69	Frank Vos Motors	Exceptional case whereby it is impractical to follow a normal procurement process
1153098	R 215 273.02	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1152650	R 2 137.50	Non Pareil Garage	Exceptional case whereby it is impractical to follow a normal procurement process
1152849	R 34 132.91	Tony's Truck Centre	Exceptional case whereby it is impractical to follow a normal procurement process
1152891	R 36 945.70	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1153013	R 3 660.55	Boland Ingenieurs	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152372	R 10 499.40	CS Traffic Engineering & Consulting Services	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152436	R 2 510.28	Orchard Supplies	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152644	R 2 062.99	Propshaft & Cv Joint Services	Exceptional case whereby it is impractical to follow a normal procurement process
1152650	R 2 137.50	Non Pareil Garage	Exceptional case whereby it is impractical to follow a normal procurement process
1152651	R 14 604.27	Transformer Field Services	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152652	R 14 965.07	Transformer Field Services	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152785	R 5 016.00	Kaltron	Exceptional case whereby it is impractical to follow a normal procurement process
1152880	R 16 026.86	Worcester Nissan	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1152909	R 2 163.12	Specialised Municipal Equipment	Exceptional case whereby it is impractical to follow a normal procurement process
1152962	R 11 447.14	Orchard Supplies	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)

1152873 R 26 689.91 Orbit Boland Worcester
[39] R 700 071.89

Exceptional case whereby it is impractical to follow a normal procurement process

Total	R 740 642.71
[40]	

DEVIATIONS FOR THE MONTH: OCTOBER 2017

<u>Order nr.</u>	<u>Amount</u>	<u>Service Provider</u>	<u>Deviation Category</u>
1153183	2 169.08	Worcester Auto Clinic	Exceptional case whereby it is impractical to follow a normal procurement process
[1]	2 169.08		
1153418	4 503.00	Tony's Motor Spares	Emergency
1153663	25 096.79	Vollex Worcester	Emergency
1154013	2 048.58	Orbit Boland Worcester	Emergency
[3]	31 648.37		
1153180	10 000.00	Prof Andre Roux	Exceptional case whereby it is impractical to follow a normal procurement process
1153332	65 310.50	Orbit Boland Worcester	Exceptional case whereby it is impractical to follow a normal procurement process
1153348	3 375.54	Winterbach Broers	Exceptional case whereby it is impractical to follow a normal procurement process
1153349	8 828.39	High Power Equipment	Exceptional case whereby it is impractical to follow a normal procurement process
1153420	3 870.30	Syntell	Exceptional case whereby it is impractical to follow a normal procurement process
1153578	17 943.60	X-Link Communication	Exceptional case whereby it is impractical to follow a normal procurement process
1153597	29 241.00	Adapt It	Exceptional case whereby it is impractical to follow a normal procurement process
1153692	86 035.80	Ignite Advisory Services	Exceptional case whereby it is impractical to follow a normal procurement process
1153693	14 465.18	Ignite Advisory Services	Exceptional case whereby it is impractical to follow a normal procurement process
1153733	144 449.15	Elton Shortles Prokureurs	Exceptional case whereby it is impractical to follow a normal procurement process
1153912	208 490.01	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1153966	4 762.03	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1154040	2 746.95	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1154097	10 906.38	HD Transmissions	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1154098	7 387.89	High Power Equipment	Exceptional case whereby it is impractical to follow a normal procurement process
1154099	4 104.00	Worcester Gearbox Centre	Exceptional case whereby it is impractical to follow a normal procurement process
1154100	2 291.40	Orchard Supplies	Exceptional case whereby it is impractical to follow a normal procurement process (classified as Strip and Quote under par 12.9 of the SCM Policy)
1154103	42 134.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1154104	215 273.02	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1154114	5 500.00	Terence Harker Argitekteur	Exceptional case whereby it is impractical to follow a normal procurement process
1154115	3 324.23	Caders Auto Electric	Exceptional case whereby it is impractical to follow a normal procurement process
1154122	2 443.97	Audensberg Toyota	Exceptional case whereby it is impractical to follow a normal procurement process
1154154	2 217.30	Caders Auto Electric	Exceptional case whereby it is impractical to follow a normal procurement process
1153662	2 236.36	Non Pareil Garage	Exceptional case whereby it is impractical to follow a normal procurement process
1153666	208 480.97	Mokate Monk & Du Plessis	Exceptional case whereby it is impractical to follow a normal procurement process
1153629	10 072.77	AAD Truck & Bus Worcester	Exceptional case whereby it is impractical to follow a normal procurement process
1153967	3 949.91	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1153582	104 880.00	First Technology Western Cape	Exceptional case whereby it is impractical to follow a normal procurement process
1153665	17 100.00	IDI Technology Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
[29]	1 241 821.05		
Total	1 275 638.50		
[33]			

DEVIATIONS FOR THE MONTH: NOVEMBER 2017

<u>Order nr.</u>	<u>Amount</u>	<u>Service Provider</u>	<u>Deviation Category</u>
1154346	33 579.84	Fire Stuff	Emergency
1154386	2 835.18	Strydom Armature Winders	Emergency
1154673	3 209.10	Winterbach Broers	Emergency
1154674	2 160.30	Winterbach Broers	Emergency
1154675	4 788.00	Extreme Engineering	Emergency
1154988	2 163.72	Winterbach Broers	Emergency
[6]	48 736.14		

1155551	2 894.46	Boland Hydraulics	Exceptional case whereby it is impractical to follow a normal procurement process
1154232	3 616.31	Throp Paarl	Exceptional case whereby it is impractical to follow a normal procurement process
1154241	2 223.91	Worcester Auto Clinic	Exceptional case whereby it is impractical to follow a normal procurement process
1154388	13 238.25	Ignite Advisory	Exceptional case whereby it is impractical to follow a normal procurement process
1154411	1 059 745.84	Ontec Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1154412	812 994.96	Ontec Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1154462	760 446.06	Ontec Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1154565	162 974.40	Consolidated African Technology	Exceptional case whereby it is impractical to follow a normal procurement process
1154676	5 928.00	Worcester Nissan	Exceptional case whereby it is impractical to follow a normal procurement process
1154677	8 109.34	AAD Truck & Bus	Exceptional case whereby it is impractical to follow a normal procurement process
1154678	3 363.00	Tony's Truck Centre	Exceptional case whereby it is impractical to follow a normal procurement process
1154679	15 018.36	Worcester Enjinsentrum	Exceptional case whereby it is impractical to follow a normal procurement process
1154414	125 650.80	Beirowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1154415	101 934.24	Beirowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1154719	3 115.62	High Pressure Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1154723	2 353.94	Orbit Boland Worcester	Exceptional case whereby it is impractical to follow a normal procurement process
1154967	3 420.00	WM Spilhaus Hexvallei	Exceptional case whereby it is impractical to follow a normal procurement process
1155020	5 782.08	Gijima Holdings	Exceptional case whereby it is impractical to follow a normal procurement process
1155027	16 329.75	Orbit Boland Worcester	Exceptional case whereby it is impractical to follow a normal procurement process
cheq 255033 [20]	113 279.52	Roy Steele and Associates	Exceptional case whereby it is impractical to follow a normal procurement process
Total		3 271 164.98	
		[26]	

DEVIATIONS FOR THE MONTH: DECEMBER 2017

<u>Order nr.</u>	<u>Amount</u>	<u>Service Provider</u>	<u>Deviation Category</u>
1155161 [1]	14 500.00	Jeodhouse	Special work of Art
1155337	7 139.20	JEC Spares	Exceptional case whereby it is impractical to follow a normal procurement process
1155397	13 496.96	The Network Computer Services	Exceptional case whereby it is impractical to follow a normal procurement process
1155160	195 741.18	IR Change	Exceptional case whereby it is impractical to follow a normal procurement process
1155162	42 140.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1155163	208 490.01	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1155432	113 499.54	Beirowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1155199	3 712.00	HD Transmissions	Exceptional case whereby it is impractical to follow a normal procurement process
1155407	42 134.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1155552 [9]	8 097.31	Orbit Boland Worcester	Exceptional case whereby it is impractical to follow a normal procurement process
Total		648 951.00	
		[10]	

<u>DEVIATIONS FOR THE MONTH: JANUARY 2018</u>			<u>Deviation Category</u>
<u>Order nr.</u>	<u>Amount</u>	<u>Service Provider</u>	
1156159	27 500.00	X-Stream Lifesaving Club	Sole service provider
[1]	27 500.00		
1155736	772 110.13	Ontec Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1155737	734 419.80	Ontec Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1155785	22 394.16	X Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1155786	23 151.20	Wilhelm Sadie & Phelix Argitekte	Exceptional case whereby it is impractical to follow a normal procurement process
11564165	129 846.00	Beirowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1156132	115 667.12	Linux Based Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1156209	11 894.90	Hydrenco	Exceptional case whereby it is impractical to follow a normal procurement process
1156374	8 550.00	Ignite Advisory Services	Exceptional case whereby it is impractical to follow a normal procurement process
1156375	14 785.80	Ignite Advisory Services	Exceptional case whereby it is impractical to follow a normal procurement process
1156413	14 380.00	Conradie Incorporated	Exceptional case whereby it is impractical to follow a normal procurement process
1156281	4 815.36	Fairbridges Wetheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1156282	68 140.49	Fairbridges Wetheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1156283	11 867.97	Fairbridges Wetheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1156275	2 420.00	Conradie Incorporated	Exceptional case whereby it is impractical to follow a normal procurement process
1156280	7 864.20	Conradie Incorporated	Exceptional case whereby it is impractical to follow a normal procurement process
1156006	3 285.29	Lexis Nexis Risk Management	Exceptional case whereby it is impractical to follow a normal procurement process
[16]	1 945 592.42		
Total			
[17]	1 973 092.42		

DEVIATIONS FOR THE MONTH: FEBRUARY 2018			
Order nr.	Amount	Service Provider	Deviation Category
1156480	33 774.78	Roy Steel and Associates	Exceptional case whereby it is impractical to follow a normal procurement process
1156491	16 836.85	Roy Steel and Associates	Exceptional case whereby it is impractical to follow a normal procurement process
1156492	16 837.85	Roy Steel and Associates	Exceptional case whereby it is impractical to follow a normal procurement process
1156493	16 838.85	Roy Steel and Associates	Exceptional case whereby it is impractical to follow a normal procurement process
1156584	64 261.46	Linux Based System Design	Exceptional case whereby it is impractical to follow a normal procurement process
1156608	175 327.49	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1156609	60 031.25	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1156610	25 127.04	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1156611	24 085.00	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1156612	16 581.79	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1156953	690 296.14	Ontec System	Exceptional case whereby it is impractical to follow a normal procurement process
1157226	759 990.42	Ontec System	Exceptional case whereby it is impractical to follow a normal procurement process
1157231	66 202.52	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1157232	8 583.75	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1157233	1 361 037.38	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1157234	46 560.02	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1157235	10 214.53	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1157236	27 296.16	Business Engineering	Exceptional case whereby it is impractical to follow a normal procurement process
1157237	48 068.33	Bytes Universal System	Exceptional case whereby it is impractical to follow a normal procurement process
1157413	9 788.34	Truvelo Africa Electronics	Exceptional case whereby it is impractical to follow a normal procurement process
1157426	2 400.00	Boland Network and IT	Exceptional case whereby it is impractical to follow a normal procurement process
1156792	3 949.94	Lexis Nexis Risk Management	Exceptional case whereby it is impractical to follow a normal procurement process
1156801	15 073.94	Ignite Advisory Services	Exceptional case whereby it is impractical to follow a normal procurement process
1156802	41 040.00	Ignite Advisory Services	Exceptional case whereby it is impractical to follow a normal procurement process
1156606	13 232.80	Conradie Incorporated	Exceptional case whereby it is impractical to follow a normal procurement process
1156723	54 000.00	Fidelity Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
1157304	19 494.00	Adapt IT	Exceptional case whereby it is impractical to follow a normal procurement process
[27]	3 626 930.63		
1156714	24 699.46	Orbit Boland, Worcester	Emergency
1156715	2 338.14	Winterbach broers	Emergency
1156716	2 213.88	Winterbach broers	Emergency
1156717	4 571.40	Winterbach broers	Emergency
1156718	2 053.14	Winterbach broers	Emergency
1156719	5 964.00	Winterbach broers	Emergency
1156720	3 363.00	Tony's truck centre	Emergency
1156721	3 363.00	Tony's truck centre	Emergency
1156722	2 696.10	Winterbach broers	Emergency
1156744	4 465.00	Ez Auto Diagnostix and repairs	Emergency
[10]	55 727.12		
1159424	56 430.00	CQS GRC Solutions	Sole service provider
[1]	56 430.00		
Total		3 739 087.75	
[38]			

DEVIATIONS FOR THE MONTH: MARCH 2018

Order nr.	Amount	Service Provider	Deviation Category
1158254	12 149.55	Winterbach Broers	Emergency
[1]	12 149.55		
1158466	132 513.84	Beirrowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1158344	753 782.87	Ontec System	Exceptional case whereby it is impractical to follow a normal procurement process
1158452	119 243.78	Linux Based Systems Design SA	Exceptional case whereby it is impractical to follow a normal procurement process
1158351	59 284.21	Linux Based Systems Design SA	Exceptional case whereby it is impractical to follow a normal procurement process
[4]	932 310.86		

Total	944 480.41
[5]	

DEVIATIONS FOR THE MONTH: APRIL 2018

Order nr.	Amount	Service Provider	Deviation Category
1158896	2 800.00	Hyperdoors	Emergency
1158593	10 267.66	HD Transmissions	Emergency
1158594	2 850.00	Tony's Motor Spares	Emergency
[3]	15 917.66		

1159190	140 001.00	Beirrowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
[1]	140 001.00		

Total	155 918.66
[4]	

DEVIATIONS FOR THE MAY: 2018

Order nr.	Amount	Service Provider	Deviation Category
1160131	5 643.00	Tony's Truck Centre (Pty) Ltd	Emergency
1159513	100 853.16	April Boukontrakteurs	Emergency
[1]	106 496.16		

1159993	2 250.55	Tagtron Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
1159709	10 590.00	Consolidated African Technologies	Exceptional case whereby it is impractical to follow a normal procurement process
1159732	3 043.41	Lexisnexis Risk Management	Exceptional case whereby it is impractical to follow a normal procurement process
1159962	4 037.98	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1159963	102 562.98	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1159964	93 309.18	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1159965	14 421.24	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1159966	60 663.84	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1159967	22 620.34	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1159968	25 961.77	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1159969	26 181.97	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1159970	88 939.34	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1160047	5 750.00	Umoya Software	Exceptional case whereby it is impractical to follow a normal procurement process
1160048	40 111.01	Fremtlac Fire Resue	Exceptional case whereby it is impractical to follow a normal procurement process

1160095	60 725.09	Linux Based Systems Design	Exceptional case whereby it is impractical to follow a normal procurement process
1160119	4 008.24	Fairbridges Wertheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1159528	101 247.15	Beirrowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1160120	2 850.00	Du Bois Attorneys	Exceptional case whereby it is impractical to follow a normal procurement process
1160122	12 220.80	De vries De Wet	Exceptional case whereby it is impractical to follow a normal procurement process
1160123	85 843.14	Webber Wentzel	Exceptional case whereby it is impractical to follow a normal procurement process
1160124	30 628.48	Fairbridges Wertheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1160125	81 151.29	Elton Shortless Prokeurs	Exceptional case whereby it is impractical to follow a normal procurement process
1160126	3 534.00	Fairbridges Wertheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1160127	3 291.94	Fairbridges Wertheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1160128	75 190.86	Elton Shortless Prokurues	Exceptional case whereby it is impractical to follow a normal procurement process
1160129	16 137.91	Fairbridges Wertheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1160150	30 969.88	Elton Shortless Prokurues	Exceptional case whereby it is impractical to follow a normal procurement process
1160207	89 099.91	Bytes Universal Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1 097 342.30			
[28]			

Total	1 203 838.46
[30]	

DEVIATIONS FOR THE MONTH OF JUNE: 2018

Order nr.	Amount	Service Provider	Deviation Category
1160588	10 953.75	De Kock and Cronje	Emergency
[1]	10 953.75		
1160987	104 242.90	Beirrowplas Recycling	Exceptional case where it is impractical to follow the official procurement process
1160461	15 771.00	Ignite Advisory Services	Exceptional case where it is impractical to follow the official procurement process
[2]	120 013.90		

Total	130 967.65
[3]	

Total number of deviations for the 2017/18 year: **249**
Total value of deviations for the 2017/18 year: **R15,655,344.09**

BREDE VALLEY MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

APPENDIX K: INVESTMENTS

APPENDIX K: INVESTMENTS														
Date Invested	Institution	ID	Account Number	Confirma tion	Rate	Period	Amount	Maturity Date	Withdrawn	Date Received	Receipt Number	Expected Interest	Interest Received	Difference
												0.00		0.00
26-Apr-17	ABSA	205	2076811728	YES	7.7900%	91	5 000 000	26-Jul-17	5 000 000	26-Jul-17	5000379845	97 108.22	97 108.22	0.00
26-Apr-17	STANDARD	206	288460898-016	YES	7.750%	91	5 000 000	26-Jul-17	5 000 000	26-Jul-17	5000379844	96 609.59	96 609.59	0.00
27-Feb-17	NEDBANK	193	03/7881531576/224	YES	8.20%	150	5 000 000	27-Jul-17	5 000 000	28-Jul-17	4000377819	168 493.15	168 493.15	0.00
28-Mar-17	STANDARD	199	288460898-014	YES	7.950%	121	5 000 000	27-Jul-17	5 000 000	28-Jul-17	4000377820	131 773.97	131 773.97	0.00
28-Mar-17	NEDBANK	200	03/7881531576/225	YES	8.00%	122	5 000 000	28-Jul-17	5 000 000	28-Jul-17	4000377814	133 698.63	133 698.63	0.00
27-Feb-17	ABSA	194	2076685355	YES	8.04%	154	5 000 000	31-Jul-17	5 000 000	31-Jul-17	4000377942	169 610.96	169 610.96	0.00
												0.00		0.00
												0.00	797 294.52	0.00
												0.00		0.00
27-Feb-17	INVESTEC	195	9375083	YES	7.80%	155	5 000 000	01-Aug-17	5 000 000	01-Aug-17	4000378017	165 616.44	165 616.44	0.00
26-Apr-17	ABSA	207	2076811786	YES	7.9600%	121	5 000 000	25-Aug-17	5 000 000	25-Aug-17	4000379828	131 939.73	131 939.73	0.00
26-Jul-17	INVESTEC	213	JB 9506638	YES	7.40%	30	5 000 000	25-Aug-17	5 000 000	25-Aug-17	3000372863	30 410.96	30 410.96	0.00
28-Mar-17	NEDBANK	201	03/7881531576/226	YES	8.21%	153	5 000 000	28-Aug-17	5 000 000	28-Aug-17	4000379946	172 072.60	172 072.60	0.00
26-Apr-17	NEDBANK	208	03/7881531576/228	YES	8.05%	124	5 000 000	28-Aug-17	5 000 000	28-Aug-17	4000379948	136 739.73	136 739.73	0.00
26-Jul-17	NEDBANK	214	03/7881531576/231	YES	7.35%	33	5 000 000	28-Aug-17	5 000 000	28-Aug-17	4000379949	33 226.03	33 226.03	0.00
30-May-17	STANDARD	209	288460898-017	YES	7.750%	92	10 000 000	30-Aug-17	10 000 000	30-Aug-17	3000373103	195 342.47	195 342.47	0.00
												0.00		0.00
												0.00	865 347.96	0.00
												0.00		0.00
26-Jul-17	ABSA	215	2076993661	YES	7.43%	62	5 000 000	26-Sep-17	5 000 000	26-Sep-17	2000271704	63 104.11	63 104.11	0.00
26-Jul-17	NEDBANK	216	03/7881531576/232	YES	7.45%	62	5 000 000	26-Sep-17	5 000 000	26-Sep-17	4000381600	63 273.97	63 273.97	0.00
26-Jul-17	FNB	217	71711650137	YES	7.150%	62	5 000 000	26-Sep-17	5 000 000	26-Sep-17	2000271737	60 726.03	60 726.02	0.01
26-Jul-17	STANDARD	218	288460898-019	YES	7.400%	62	5 000 000	26-Sep-17	5 000 000	26-Sep-17	4000381626	62 849.32	62 849.32	0.00
26-Jul-17	INVESTEC	219	JB 9506642	YES	7.525%	121	10 000 000	26-Sep-17	10 000 000	26-Sep-17	5000380068	127 821.92	127 821.92	0.00
30-May-17	STANDARD	210	288460898-018	YES	7.975%	121	10 000 000	28-Sep-17	10 000 000	28-Sep-17	2000271829	264 376.71	264 376.71	0.00
30-May-17	NEDBANK	211	03/7881531576/229	YES	8.00%	122	10 000 000	29-Sep-17	10 000 000	29-Sep-17	2000271890	267 397.26	267 397.26	0.00
												0.00		0.00
												0.00	909 549.31	0.00
												0.00		0.00
26-Jul-17	STANDARD	220	288460898-020	YES	7.500%	90	5 000 000	24-Oct-17	5 000 000	24-Oct-17	5000381111	92 465.75	92 465.75	0.00
26-Jul-17	ABSA	221	2076993653	YES	7.56%	92	5 000 000	26-Oct-17	5 000 000	26-Oct-17	3000376279	95 276.71	95 276.71	0.00
30-May-17	NEDBANK	212	03/7881531576/230	YES	8.20%	153	10 000 000	30-Oct-17	10 000 000	30-Oct-17	5000381332	343 726.03	343 726.03	0.00
29-Aug-17	ABSA	224	2077053735	YES	7.395%	62	5 000 000	30-Oct-17	5 000 000	30-Oct-17	5000381333	62 806.85	62 806.85	0.00
29-Aug-17	NEDBANK	225	03/7881531576/234	YES	7.45%	62	5 000 000	30-Oct-17	5 000 000	30-Oct-17	5000381334	63 273.97	63 273.97	0.00
29-Aug-17	STANDARD	226	288460898-021	YES	7.375%	62	5 000 000	30-Oct-17	5 000 000	30-Oct-17	5000381335	62 636.99	62 636.99	0.00
29-Aug-17	INVESTEC	227	JB 9535049	YES	7.40%	62	5 000 000	30-Oct-17	5 000 000	31-Oct-17	5000381342	62 849.32	62 849.32	0.00
												0.00	783 035.62	0.00
												0.00		0.00
26-Jul-17	INVESTEC	222	JB 9506646	YES	7.80%	121	5 000 000	24-Nov-17	5 000 000	24-Nov-17	4000383939	129 287.67	129 287.67	0.00
26-Jul-17	NEDBANK	223	03/7881531576/233	YES	7.80%	124	5 000 000	27-Nov-17	5 000 000	27-Nov-17	4000383981	132 493.15	132 493.15	0.00
27-Sep-17	ABSA	234	2077104746	YES	7.35%	61	5 000 000	27-Nov-17	5 000 000	27-Nov-17	1000383998	61 417.81	61 417.81	0.00
27-Sep-17	NEDBANK	235	03/7881531576/236	YES	7.40%	61	5 000 000	27-Nov-17	5 000 000	27-Nov-17	4000383980	61 835.62	61 835.62	0.00
27-Sep-17	STANDARD	236	288460898-023	YES	7.375%	61	5 000 000	27-Nov-17	5 000 000	27-Nov-17	4000383979	61 626.71	61 626.71	0.00
29-Aug-17	NEDBANK	228	03/7881531576/235	YES	7.55%	91	5 000 000	28-Nov-17	5 000 000	28-Nov-17	4000384074	94 116.44	94 116.44	0.00
29-Aug-17	INVESTEC	229	JB 9535055	YES	7.50%	91	5 000 000	28-Nov-17	5 000 000	28-Nov-17	4000384073	93 493.15	93 493.15	0.00
29-Aug-17	ABSA	230	2077053638	YES	7.515%	92	5 000 000	29-Nov-17	5 000 000	29-Nov-17	2000275765	94 709.59	94 709.59	0.00
29-Aug-17	STANDARD	231	288460898-022	YES	7.475%	92	5 000 000	29-Nov-17	5 000 000	29-Nov-17	3000377569	94 205.48	94 205.48	0.00
												0.00	823 185.62	0.00
												0.00		0.00
27-Sep-17	ABSA	237	2077104788	YES	7.53%	121	5 000 000	26-Jan-18	5 000 000	26-Jan-18	3000379945	124 812.33	124 812.33	0.00
27-Sep-17	STANDARD	238	288460898-024	YES	7.600%	121	5 000 000	26-Jan-18	5 000 000	26-Jan-18	3000379946	125 972.60	125 972.60	0.00
27-Sep-17	INVESTEC	239	JB 9560954	YES	7.55%	121	5 000 000	26-Jan-18	5 000 000	26-Jan-18	2000278858	125 143.84	125 143.84	0.00
29-Aug-17	FNB	232	717118792057	YES	7.68%	153	5 000 000	29-Jan-18	5 000 000	29-Jan-18	5000384369	160 964.38	160 964.38	0.00
27-Sep-17	NEDBANK	240	03/7881531576/237	YES	7.60%	124	5 000 000	29-Jan-18	5 000 000	29-Jan-18	5000384342	129 095.89	129 095.89	0.00
29-Aug-17	ABSA	233	2077053612	YES	7.69%	154	5 000 000	30-Jan-18	5 000 000	30-Jan-18	4000386293	162 227.40	162 227.40	0.00
												0.00	828 216.44	0.00
												0.00		0.00
28-Nov-17	NEDBANK	242	03/7881531576/238	YES	7.70%	91	5 000 000	27-Feb-18	5 000 000	27-Feb-18	5000385650	95 986.30	95 986.30	0.00
27-Sep-17	INVESTEC	241	JB 9560966	YES	7.65%	154	5 000 000	28-Feb-18	5 000 000	28-Feb-18	5000385787	161 383.56	161 383.56	0.00
28-Nov-17	STANDARD	243	288460898-025	YES	7.575%	92	5 000 000	28-Feb-18	5 000 000	28-Feb-18	5000385788	95 465.75	95 465.75	0.00
28-Nov-17	INVESTEC	244	JB 9619184	YES	7.55%	92	5 000 000	28-Feb-18	5 000 000	28-Feb-18	5000385796	95 150.68	95 150.68	0.00
												0.00	447 986.29	0.00
												0.00		0.00
26-Jan-18	NEDBANK	256	03/7881531576/241	YES	7.55%	59	5 000 000	26-Mar-18	5 000 000	26-Mar-18	3000382765	61 020.55	61 020.55	0.00
28-Nov-17	NEDBANK	245	03/7881531576/239	YES	7.90%	120	5 000 000	28-Mar-18	5 000 000	28-Mar-18	2000281665	129 863.01	129 863.01	0.00
28-Nov-17	FNB	246	71736763650	YES	7.8005%	120	5 00							

26-Jan-18	FNB	263	71745025736	YES	7.85%	151	5 000 000	26-Jun-18	5 000 000	26-Jun-18	5000390899	162 376.71	162 376.71	0.00
26-Jan-18	STANDARD	264	288460898-029	YES	7.90%	151	5 000 000	26-Jun-18	5 000 000	26-Jun-18	5000390885	163 410.96	163 410.96	0.00
25-Apr-18	FNB	273	74760329167	YES	7.14%	62	5 000 000	26-Jun-18	5 000 000	26-Jun-18	5000390886	60 641.10	60 641.09	0.01
28-Nov-17	NEDBANK	254	03/7881531576/240	YES	8.25%	212	5 000 000	28-Jun-18	5 000 000	28-Jun-18	2000285918	239 589.04	239 589.04	0.00
28-Nov-17	ABSA	255	2077203629	YES	8.05%	213	5 000 000	29-Jun-18	5 000 000	29-Jun-18	5000391066	234 883.56	234 883.56	0.00
												0.00		0.00
													1 449 286.30	0.00
												0.00		0.00
25-Apr-18	FNB	274	74760329745	YES	7.26%	90	5 000 000	24-Jul-18				89 506.85		89 506.85
25-Apr-18	NEDBANK	275	03/7881531576/247	YES	7.48%	91	5 000 000	25-Jul-18				93 243.84		93 243.84
26-Jan-18	NEDBANK	265	03/7881531576/244	YES	8.05%	181	5 000 000	26-Jul-18				199 595.89		199 595.89
26-Jan-18	FNB	266	71745026461	YES	8.00%	181	5 000 000	26-Jul-18				198 356.16		198 356.16
												0.00		0.00
													0.00	0.00
												0.00		0.00
25-Apr-18	ABSA	276	2077487118	YES	7.45%	121	5 000 000	24-Aug-18				123 486.30		123 486.30
25-Apr-18	STANDARD	277	288460898-031	YES	7.475%	121	5 000 000	24-Aug-18				123 900.68		123 900.68
26-Jan-18	INVESTEC	267	JB 9664918	YES	7.85%	214	5 000 000	28-Aug-18				230 123.29		230 123.29
												0.00		0.00
													0.00	0.00
												0.00		0.00
25-Apr-18	NEDBANK	278	03/7881531576/248	YES	7.80%	153	5 000 000	25-Sep-18				163 479.45		163 479.45
25-Apr-18	STANDARD	279	288460898-032	YES	7.65%	153	5 000 000	25-Sep-18				160 335.62		160 335.62
												0.00		0.00
													0.00	0.00
							450 000 000		405 000 000			10 298 144.56	8 916 116.47	1 382 028.09
							45 000 000							